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LATE NEWS

Miners Die South Africa

JOHANNESBURG (UPI) — An elevator plunged down the shaft of a South African gold mine Sunday, killing six miners working below it, a mine official said. At least four other miners were seriously injured when the 10-foot (3-meter) shaft fell from a level where 32 miners were working. The accident followed by six weeks South Africa's worst gold mine disaster, a collapse in the Kinsman mine east of Johannesburg killed 177 miners.

GENERAL NEWS

A U.S. judge supported fundamentalist parents challenging schools used in a basic reading course. Page 3. The leadership of Mozambique implied that South Africa rebels were involved in Sara Machel's death. Page 2. Eugene Hasseff, captured ring a mission to supply anti-mugan rebels, feels political-trapped. Page 5. Jeffrey Archer of Britain's conservative Party resigned or allegations that he gave money to a prostitute. Page 2. BUSINESS/FINANCE Fiat SpA offered to merge the allan government-owned domaker, Alfa Romeo, into Alfa's Lancia division. Page 15. Banks have reduced their aid to developing countries, a BIS reported. Page 15.



A bomb killed General Rafael Garrido Gil, the military governor of the Basque province of Guipuzcoa, and his wife and son as they were driving through San Sebastian on Saturday.

Bomb Kills Spanish General; Basque Rebels Claim Attack

By Edward Schumacher New York Times Service MADRID — The military governor of a Basque province was killed with his wife and son Saturday when a bomb exploded moments after it was planted on top of their car at a traffic light in San Sebastian, police said. Two youths on a motorcycle placed a sports bag on the car and then sped away seconds before a bomb inside the bag exploded in the Basque city of San Sebastian, the police said. The bomb killed General Rafael Garrido Gil, 59, the military governor of the surrounding province of Guipuzcoa, as well as his wife, Isabel Velasco, and their 16-year-old son, Daniel. Their driver and four bystanders were injured. The separatist guerrilla group ETA, a Basque-language acronym for Basque Homeland and Liberty, issued statements Saturday night in the northern city of Bilbao claiming responsibility. Shortly after the attack, bombs exploded in two supermarkets in Victoria in Alava province, wounding at least four persons, and at car dealerships in the Guipuzcoa villages of Orizaba, Bergara and Urretxu, the police said. The attacks came a day after the government of Prime Minister Felipe Gonzalez recognized Spanish security services. For the first time, Mr. Gonzalez picked a civilian to head the national paramilitary force, the Civil Guard, in an effort to increase the government's effectiveness against ETA. Visiting Portugal, Mr. Gonzalez said that ETA was a "mafia" and added, "It is a difficult fight, but we are going to keep trying to stop it with all our determination." Aides to Mr. Gonzalez said Luis Roldan, the government's representative in Navarra province, had been selected to head the Civil Guard in place of the retiring General Jose Antonio Saez de Maria. Officials said the selection of Mr. Roldan, an anti-ETA hard-liner in Navarra, which is heavily populated with Basques, represented a new

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U.K. Eavesdropped on Syria

Analysts Say Violence Is Used as Policy

By Elaine Sciolino New York Times Service NEW YORK — An increasing number of Western and Middle Eastern intelligence analysts believe that of all the countries of the Middle East, none uses terrorism more effectively as an adjunct to diplomacy than Syria. These sources offer long lists of examples of how the government of President Hafez al-Assad has used violence to influence events in Lebanon and to strike at Israel. They also assert that Syria has not hesitated from turning to terrorism to eliminate its Arab enemies abroad and to try to dominate the Palestinian movement. The sources spoke in interviews with correspondents of The New York Times in the United States, the Middle East and Europe. The case of Nezar Hindawi, a 32-year-old Jordanian convicted in London on Friday of trying to blow up an El Al airliner in April, is an unusual case study of how Syria uses terrorism as part of its foreign policy, these experts say. "Syria makes the most skillful and effective use of terrorism, and in the past it has been able to maintain at least the thinnest veil of deniability," said Brian M. Jenkins, director of the research program on political violence at the Rand Corp. "What makes this case so extraordinary is that it publicly lays out the links and relationship directly to Syria." Intelligence experts say that Britain's decision to sever diplomatic relations after Mr. Hindawi's conviction, plus the alleged bombing by his brother of an Arab-German friendship club in West Berlin in March, are forcing Western governments to the conclusion that Syrian intelligence is more deeply involved in aiding Arab terrorists



Foreign Minister Farouk al-Shara of Syria denied British charges Saturday that Damascus was implicated in a plot to plant a bomb on an Israeli airliner at Heathrow Airport.

Damascus Says London Blundered

By Francis X. Clines New York Times Service LONDON — British intelligence agents were able to eavesdrop directly on conversations verifying the complicity of the Syrian ambassador in the plot to bomb an Israeli airliner in April, according to government officials. The intelligence gathered from this source and others was an underlying factor in Britain's decision to break relations with Syria on Friday three hours after the conviction by a British court of Nezar Hindawi, 32, a Jordanian. He was sentenced to 45 years in prison on charges of trying to blow up an El Al airliner carrying 375 persons on April 17 by concealing a bomb in the luggage of his Irish girlfriend, Anne-Marie Murphy, 32. The bomb was found as the attempted to board the plane at Heathrow Airport. Meanwhile, the Syrian foreign minister, Farouk al-Shara, said Saturday evening at a news conference in Damascus that "Britain has committed a big blunder for which it will be sorry." In breaking relations, Britain cited "conclusive evidence" that Syrian diplomats and intelligence agents were involved in the attempted bombing, the officials said. In taking the action, the government implicitly disclosed how intensively the agents of its security service have been focusing and eavesdropping on the Syrian Embassy. In another development, the Foreign Office ordered on Saturday the Syrian Embassy to close within seven days, not the 14 it originally granted. The move followed Syria's decision on closing the British Embassy in Damascus. Government officials maintain See BRITAIN, Page 6



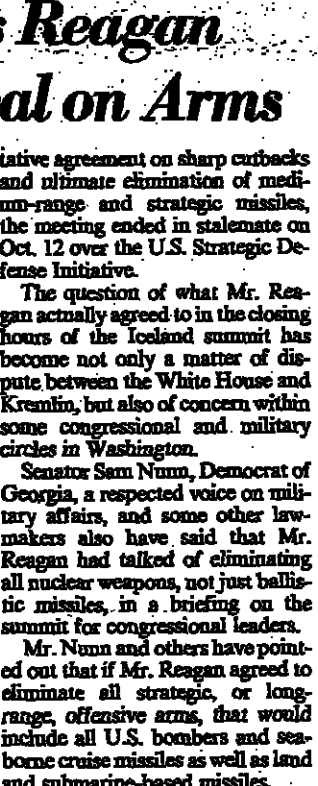
Alain Prost of France on Sunday after he won the Australian Grand Prix and his second Formula One title. Page 23.

Enrile Talks to Marcos Loyalists

By Seth Mydans New York Times Service MANILA — Defense Minister Ponce Enrile, in increasingly a defiance of President Corason Aquino, addressed a rally Sunday of loyalists of the former president, Ferdinand E. Marcos, and chants of "Down with Cory!" He sounded the first notes in what he said was a new phase of his campaign of criticism, with implication that the Aquino government is guilty of corruption. He said Filipinos needed a government that was "stable, honest, clean, a government beyond religion and not affected by corruption." Defense Ministry source said Enrile planned to document an accusations of corruption in near future. He was his fourth address to a group organized around the theme anti-Communism but his first in alliance with Marcos supporters whose campaign of agitation against Mrs. Aquino had become more intense in recent weeks. Sunday's crowd of about 20,000 joined the old campaign slogan "Enrile forever," but focused its messages on Mr. Enrile with such words as "Cory for Communism," "No Democracy" and "Rambol is the Republic." Mr. Enrile recently said he might "C. Rambo" if he were pushed far, a reference to the aggressive crusades played in films Sylvester Stallone. Since last summer, leaders of the Enrile loyalist movement have insistently been showing their allegiance to Mr. Enrile. The defense minister, who held the same post in Mr. Marcos' government, broke with the former president in February to lead a military revolt that boosted Mrs. Aquino into office. Enrile, a loyalist leader at the rally said Enrile and Mr. Marcos had "forgiven each other." There was no indication of any direct involvement by Mr. Marcos in this

Moscow Says Reagan Proposed Deal on Arms

By Gary Lee Washington Post Service MOSCOW — A Soviet official, quoting statements he said President Ronald Reagan made in negotiations at Reykjavik, has said that the U.S. president proposed a 10-year accord that would scrap all U.S. and Soviet strategic nuclear arms, including ballistic missiles, heavy bombers and long-range cruise missiles. The White House has said that the president put forward a proposal that called for the elimination of both sides' offensive ballistic missiles of all ranges over two five-year periods. The administration contends that Mr. Reagan had discussed the total elimination of all nuclear weapons only as an "ultimate" goal but one that was not agreed to at Reykjavik. According to the account provided by a deputy foreign minister, Alexander A. Bessmertnykh, at a news conference Saturday, Mr. Reagan was initially confused about the Soviet proposal to eliminate strategic arsenals on both sides, but later told the Soviet leader, Mikhail S. Gorbachev, that the United States would agree to it. After the two sides reached tentative agreement on sharp cutbacks and ultimate elimination of medium-range and strategic missiles, the meeting ended in stalemate on Oct. 12 over the U.S. Strategic Defense Initiative. The question of what Mr. Reagan actually agreed to in the closing hours of the Iceland summit has become not only a matter of dispute between the White House and Kremlin, but also of concern within some congressional and military circles in Washington. Senator Sam Nunn, Democrat of Georgia, a respected voice on military affairs, and some other lawmakers also have said that Mr. Reagan had talked of eliminating all nuclear weapons, not just ballistic missiles, in a briefing on the summit for congressional leaders. Mr. Nunn and others have pointed out that if Mr. Reagan agreed to eliminate all strategic, or long-range, offensive arms, that would include all U.S. bombers and sea-based cruise missiles as well as land and submarine-based missiles. If the president agreed to removal of all nuclear arms, that would leave U.S. and allied forces in Europe vulnerable to considerably larger Soviet conventional forces. Saturday's press conference was See ARMS, Page 6



The Mets catcher, Gary Carter, tagged out Jim Rice of the Red Sox as he tried to score in the seventh inning of Saturday's game in New York. With only one out left in the 10th inning, New York scored on consecutive Boston errors and came from behind to win, 6-5. Because rain on Sunday forced a postponement, the seventh and final game in the World Series is to be played on Monday. Page 23.

Final Series Game Postponed

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Syrian Issue May Cause French-British Strains

By Richard Bernstein New York Times Service PARIS — A disagreement between France and Britain appeared to be looming Sunday as foreign ministers of the European Community prepared to discuss a European response to Britain's break in diplomatic relations with Syria. Sir Geoffrey Howe, the British foreign secretary, was expected to press at a foreign ministers' meeting Monday in Luxembourg for diplomatic support of Britain's decision to sever its ties with Syria following accusations that Syria was behind a plot to blow up an Israeli passenger jet in April. But while most of the European countries were expected to express at least verbal solidarity with Britain, there were signs of widely varying approaches to relations with Syria, with some countries, particularly France, seeming reluctant to take on an antagonistic pose toward the Syrian government. British officials were said to be angry over reports that the French have been negotiating a major new arms sale to Syria in recent weeks. The Sunday Times of London, quoting British sources, reported that Prime Minister Margaret Thatcher would be seeking and explanation from the French and support from other EC governments. The arms sale, which has not yet been approved by Prime Minister Jacques Chirac, reportedly includes helicopters, armor plating for tanks and equipment for night warfare. The reports of the arms sales negotiations, which appeared in two French newspapers last week, have been publicly denied by French officials. Nonetheless, a more general difference of approach separating France and Britain has become evident with the British decision to break relations with Damascus. The British move reflected a tough approach to long-suspected Syrian support of terrorism in Europe but it seemed likely that other European countries favor a more cautious approach toward Syria, which is seen as a key both to European relations with the Arab world and to the possibility of peace in the Middle East. Despite suspicions that Syria gave support to the extremist group that planted a series of terrorist bombs in Paris last month, French officials have avoided directly accusing Syria, saying that there was no proof of Syrian involvement. France has sought recently to improve ties with Iran and Syria, in part out of a belief here that the two countries can provide key help in getting the release of seven French citizens held in Lebanon. French newspaper commentators said this weekend that France has been "embarrassed" by the British decision to break diplomatic relations.

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Jeremy B. Shearer of South Africa removed his chief delegate's badge in an angry reaction to the vote.

Red Cross Group Expels South Africa

By Thomas W. Netter New York Times Service GENEVA — A conference of the International Red Cross has suspended the South African government delegation to protest Pretoria's policy of racial segregation. The move Saturday, marking the first time a government delegation has been excluded from a Red Cross conference in the organization's 123-year history, was described by representatives of Western countries and Red Cross officials as endangering the 137-nation organization's policies of impartiality and neutrality. [In response to the expulsion, South Africa on Sunday ordered the 16 representatives of the International Red Cross to leave the country "as quickly as possible," United Press International reported from Johannesburg. [Foreign Minister R.F. Botha said that "the government has decided to suspend the representatives in South Africa until the South African government is again in a position to participate in conferences of the International Red Cross." [A Red Cross statement Sunday said the organization "fears strongly" that the conference vote could "have grave consequences for persons it helps and protects," The Associated Press reported from Geneva.] Conference observers said the vote to exclude South Africa would create a "very bad" atmosphere at the weeklong meeting, which is also considering changing Red Cross statutes and examining compliance with its conventions. A Red Cross report has been critical of nations like Afghanistan and Iran for ban-

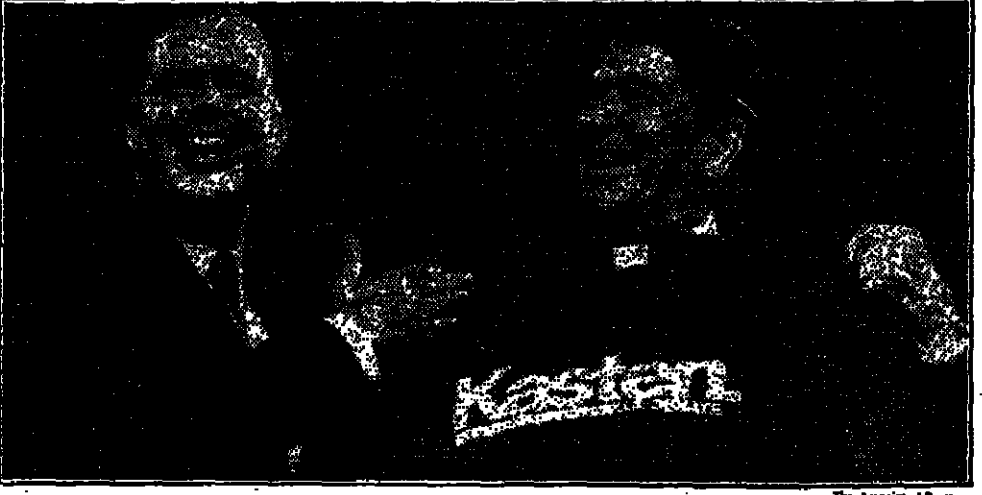
As Election Day Nears, Republicans Pin Their Hopes on Reagan

By E.J. Dionne Jr. New York Times Service WASHINGTON — The final days of the 1986 political campaign have come down to a contest between Republican efforts to focus the race on President Ronald Reagan and Democratic efforts to keep the elections local and personal. The Democrats have also tried to keep the economy in the forefront wherever times are bad, an approach Democratic strategists say has been successful in many parts of the country. But in the face of a wave of Republican money and Mr. Reagan's strenuous campaigning, the Democrats are bolstering that approach by stressing its candidates' personal strengths. The Republicans have generally avoided "nationalizing" the campaign up to now, but are relying increasingly on their major selling point for the last six years: The face, voice, presence and record of Mr. Reagan. In many House districts, Republican candidates are using Mr. Reagan in last-minute television advertisements. The commercials, and Mr. Reagan's speeches for Republicans last week, make clear that Republicans have decided to run one more time against President Jimmy Carter's administration.

"We've come a long way since 1980," the president says in a commercial for Lamar Smith, a Texas Republican. "We've slashed inflation, cut interest rates by two-thirds and restored America's respect abroad." The Democrats have searched repeatedly for national themes. The closest they have come is an attack on the "bicoastal economy" in which some regions suffer while others prosper. However, Douglas E. Schoen, a Democratic poll taker, said the economy issue could go only so far.

He said the polls tended to show that the Republicans won more popular confidence as the party best able to handle both the economy and foreign affairs. "When you have 48 consecutive months of growth, it's hard to prove that the economy is bad," said Joseph Grayford, executive director of the National Republican Congressional Committee. Mr. Schoen said the Democrats tended to be running strong candidates and therefore were focusing on personal differences between individuals.

"The Republicans are ultimately trying to nationalize the campaign around the Reagan presidency," he said. "Democrats are fighting very hard to keep the race local because, man to man and woman to woman, the Democrats are rated as being as good or better than their opponents." Mr. Schoen, and some Republicans as well, have argued that the Reagan tide was so strong in 1980 that it swept in several rather weak Republican senators, who must now face the voters without the president's name at the top of the ticket. For all their difficulties in establishing themes, the Democrats argue with some justification that they have done remarkably well so far. Some Republicans believe they are in serious danger of losing control of the Senate, where they have 53 seats to the Democrats' 47. Democrats appear to be running ahead in Nevada, once regarded as a close contest, and in Idaho, Florida and Maryland, all seats they would be taking from the Republicans. Democrats believe they will save their seat in Louisiana. The Senate contests in North Dakota and South Dakota, now held by Republicans, are very close. In three states, Washington, North Carolina and Alabama, the Democrats seem to be running stronger challenges to Republican incumbents than expected. "I feel very good about where we are," said David E. Johnson, executive director of the Democratic Senatorial Campaign Committee. The Republicans counter that they expect to hold both seats in the Dakotas, as well as the one at stake in North Carolina, and could take as many as three Senate seats now held by Democrats, in Missouri, Colorado and California. In the House contests, neither party is predicting a radical shift. Estimates by both sides place Re-



Ronald Reagan at a campaign appearance for Senator Robert W. Kasten Jr. of Wisconsin.

Addressing a smaller rally organized by charismatic Christians on Sunday, Mr. Enrile broke what See ENRILE, Page 6

See RED CROSS, Page 6

WORLD BRIEFS

Maputo Leaders Imply Pretoria, Rebels Were Involved in Plane Crash



Weeping women filing past the coffin of President Samora Machel in Maputo.

MAPUTO, Mozambique — The leadership of Mozambique has for the first time implied that neighboring South Africa and rightist rebels were involved in the death of President Samora Machel, who was killed in a plane crash Oct. 19. The official Radio Maputo quoted Foreign Minister Joaquim A. Chissano, the leading contender to succeed Mr. Machel, as saying Saturday that "armed banditry and apartheid" were the main culprits in the president's death. The radio said that Mr. Chissano made the accusation while speaking to relatives of a Mozambican Foreign Ministry official, João Tomas Mavesse, one of 33 other persons killed in the crash. Radio Maputo did not amplify on the minister's statement. The information minister, Teodoro Hingunza, was quoted by the official Mozambican press agency AIM as saying: "The Mozambican government certainly does not ex-

clude the possibility that South Africa was involved in the death of our president." He said that the crash could have been caused "by criminal action," AIM reported. Rebels of the Mozambican National Resistance, backed by South Africa, have been fighting Mr. Machel's government since he led the former Portuguese colony to independence in 1975. Both the guerrillas and South Africa have denied involvement in the death of Mr. Machel, whose Soviet-built Tupolev jet crashed just inside South African territory shortly before it was due to land in Maputo. The accusations against South Africa appeared inevitable, given the long-standing hostile relations between the region's biggest power and its neighbors. South Africa has said that the most probable cause of the crash was navigational error during bad weather and has invited Soviet and Mozambican experts to join its investigation. The theory of navigational error has been given increasing credence by Western diplomats in Zimbabwe, who have said privately that their embassies in Mozambique received similar information. President Quett Masire of Botswana said Friday night: "No one believes the word of the South African government because Pretoria has in the past committed acts of murder and destruction in Mozambique."

Sikh Gunmen Kill 8 in Punjab Market

CHANDIGARH, India (AP) — Sikh terrorists sprayed a Punjab marketplace with gunfire, killing at least eight Hindus and wounding 50, the authorities said. The Punjab state government said six Sikh attackers opened fire with machine guns and revolvers Saturday evening on a busy market of Hindu traders. The attackers escaped on foot, authorities said. The attack took place in Khumban village in the Abotari township, 140 miles (230 kilometers) northwest of New Delhi. Abotari is a Hindu cotton-growing area in the predominantly Sikh state.

Kuwait Shoots at Unidentified Plane

KUWAIT (AP) — A government official was quoted as saying Sunday that Kuwait fired two missiles at a "hostile" plane violating its airspace and believes the aircraft was downed. Sheikh Ali al-Sabah, governor of the Ahmadi region in southern Kuwait, told al-Anbaa newspaper that Kuwaiti radar detected the plane over Kobar Island at about 10:15 P.M. on Saturday. Kobar Island is six miles (10 kilometers) east of the mainland. He did not identify the plane, but others suggested it may have been an Iranian warplane seeking a tanker to attack in nearby sea lanes. Much of Kuwait's petroleum industry is in the Ahmadi region. Iranian warplanes recently attacked two Kuwaiti oil tankers.

Study Says U.S. Crime Rate Will Drop

WASHINGTON (WP) — The United States experienced a "total wave" of crime in the 1960s and 1970s, but a sharp decline can be expected for the rest of this century, according to a study in the October issue of American Demographics. The authors, Morton Owen Schapiro of Williams College and Dennis A. Ahlburg of the University of Minnesota, said murder, robbery, burglary and car theft will drop substantially during the next 15 years, both in absolute numbers and in the ratio of crimes per 100,000 people. But the article said the major reason for the increase of crime during the past two decades was that most crimes were committed by young men aged 15 to 29, and, during the 1960s and 1970s, this group was growing rapidly because of the baby boom. Now, because of the sharp drop in birthrates in recent years, the number of men in this age category is declining.

Israel Is Said to Detain Atom Worker

JERUSALEM (Reuters) — An Israeli nuclear technician who gave a London newspaper details of what he said was an Israeli atomic weapons program is being held in custody after being whisked home against his will, a friend said Sunday. John McKnight, an Australian clergyman who is hunting for the technician, Mordechai Vanunu, said he had learned that Mr. Vanunu was remanded in custody for 15 days by a judge in Jerusalem on Oct. 20. Mr. McKnight converted Mr. Vanunu to Christianity in Australia and refused to disclose his source of information on the technician's whereabouts. Newsweek reported last week that Mr. Vanunu, a former employee at Israel's Dimona nuclear reactor, was kidnapped in Europe by Israeli agents. The report in the Sunday Times of London said that Israel had been producing nuclear warheads for more than 20 years in a secret factory.



Mordechai Vanunu

U.S. Names Aide Who Refused Lie Test

WASHINGTON (WP) — The National Security Council staff officer who refused to take a polygraph test about the disclosure of the Reagan administration's secret deception campaign against the Libyan leader, Moammar Gadhafi, was identified Friday as Elaine L. Morton, an expert on Libya and North Africa. She said in an interview that she refused to submit to the polygraph examination, conducted by the Federal Bureau of Investigation, as a matter of principle. She denied having been the source of stories about the White House plan, which was disclosed in The Washington Post on Oct. 2. White House officials said she offered to return to the State Department in light of the impasse over the polygraph test, and her offer was accepted because security council officials had "lost trust and confidence" in her.

For the Record

The Belgian government on Saturday won a confidence vote, 96-66, in the upper chamber of the legislature over a language dispute between French-speaking and Dutch-speaking residents of a town that has threatened the coalition of Prime Minister Wilfried Martens. (Reuters) U.S. troops have begun to leave Bolivia after helping the country try to control cocaine traffic since July 14. Bolivia announced a U.S. agreement to lend \$140 million to assist in the effort. (Reuters) A nuclear-powered aircraft carrier, the Theodore Roosevelt, was commissioned on Saturday by the U.S. Navy at Newport News, Virginia, where it was built. It was delivered 16 months early. (UPI) At least 40 persons were injured when a Thai Airways jetliner lost cabin pressure and made an emergency landing Sunday night at Osaka, Japan. Thirty passengers were hospitalized. (AP) Angola criticized European countries Saturday that had "taken no concrete action" to prevent a speech last Wednesday to the European Parliament by Jonas Savimbi, the Angolan rebel leader. (UPI)

Correction

An article in the Herald Tribune of Oct. 22 erroneously listed Japan among countries not requiring visas for travelers with U.S. passports.

Plumbers Wanted: Contact U.S. Embassy, Moscow

By Bernard Gwertzman New York Times Service WASHINGTON — The United States will begin replacing many of its diplomats and other white-collar workers in Moscow and Leningrad with American mechanics, electricians, plumbers, cooks, movers and interpreters to keep the embassy and the consulate functioning, according to State Department officials. As a result of reciprocal expulsions ordered by Washington and Moscow in recent days, American diplomats in the Soviet Union suddenly lost their 260-member Soviet support staff, who were regarded as virtually indispensable for running the embassy. State Department officials were clearly irked by the sudden turn of events, which could have the effect of reducing the ability of the embassy and the consulate to report on developments in the Soviet Union. They said Secretary of State George P. Shultz had not favored the expulsion of 50 Soviet diplo-

omats on Tuesday, which touched off Moscow's decision to deprive the United States of its Soviet workers. They said Mr. Shultz advocated expelling only five Soviet diplomats, in retaliation for Moscow's ouster of five Americans on Sunday, which in turn had been in response to the American expulsion of 25 members of the Soviet Mission to the United Nations. Mr. Shultz had expected that the Soviet Union would retaliate sharply, either expelling 50 Americans or ending the employment of the 260-member Soviet support staff.

staff. But his proposal for a more restrained approach was opposed by Attorney General Edwin Meese 3d; William J. Casey, the director of Central Intelligence; and Donald T. Regan, the White House chief of staff, according to State Department officials. President Ronald Reagan took the tougher line, consistent with his concern about Soviet spying in the United States. The State Department was then given the assignment of announcing the administration's action. As a short-term expedient, officials said, State Department ad-

ministrative personnel from other missions will be sent to the Soviet Union to help out. The U.S. military will be asked to contribute technical staff members, such as navy Seabees, to replace the Soviet skilled workers, such as electricians and plumbers. In addition, American civilians will be hired and sent to Moscow or Leningrad, provided they pass security checks and are deemed able to adapt to the rigors of life in the Soviet Union. Some 22 highly skilled workers were hired earlier in the year as part of an earlier plan to gradually reduce the size of the Soviet staff.

Officials said they had not begun to calculate how much it would cost to replace the Russians. There are many jobs routinely handled in the past by Soviet employees that will be difficult to fill by Americans, officials said. These involve routine tasks such as sending letters in Russian to Soviet agencies for permission for travel and for releasing goods from customs. "These women knew the Soviet bureaucracy, and over years had personal contacts with them and knew how to get things done," a former American diplomat in Moscow said.

Wiesel, Leaving Soviet, Urges Free Emigration

By Serge Schmemmann New York Times Service MOSCOW — Elie Wiesel, winner of the 1986 Nobel Peace Prize, concluded a five-day visit to the Soviet Union on Sunday with an appeal to Soviet authorities to release Jews seeking to emigrate. "I say without any anger, without any animosity, with deep compassion, that it would be to the honor of the new style of leadership to allow these men, women and children to be happy again," Mr. Wiesel said at a news conference shortly before his departure. The Nobel laureate, a survivor of the Nazi death camps, spent much of his time in Moscow meeting with Jews in their homes and at a Jewish

religious celebration Saturday night at the main Moscow synagogue. Mr. Wiesel went to Moscow on Wednesday in his capacity as chairman of the U.S. Holocaust Memorial Council to arrange for Soviet participation in a conference on non-Jewish victims of Nazism that he is organizing in Washington in February. The visit was Mr. Wiesel's fourth to the Soviet Union. He said he had hoped to meet with the Soviet leader, Mikhail Gorbachev, but received a message from him Saturday saying that he could not see him at this time, though a meeting in the near future remained possible.

At the celebration of Simhath Torah, the joyous celebration of the Torah, the Jewish law, that concludes the three-week Jewish high holidays, Mr. Wiesel and the small delegation accompanying him received a rapturous reception from several thousand Jews who had gathered at the synagogue and on the street outside to celebrate what has evolved into one of the main feasts of Russian Jewry. With his arm around Vladimir Slepak, a dissident who spent five years in Siberian exile and has long been refused emigration, Mr. Wiesel joined in carrying the Torah around the synagogue, clapping

and cheering with the congregation. Though many of those gathered were not aware who Mr. Wiesel was, the Russian Jews pressed to meet with the foreign visitor. "I'm not embarrassed to say I broke up in tears," Mr. Wiesel said at the press conference before he left. Mr. Wiesel said he heard that after he left the synagogue the police moved in to disband the gathering and detained five persons. He urged that they be promptly released. The celebration at the synagogue was only one of several meetings that Mr. Wiesel held with Jews who have been refused permission to leave the Soviet Union and other members of Moscow's Jewish community. On Friday night he met with several dozen Jews at a private apartment. Mr. Wiesel also said he re-

gretted that he had been unable to meet with Andrei D. Sakharov, the dissident physicist who is restricted to the city of Gorky, which is closed to foreigners. ■ Clearance for Woman A Soviet woman, Inessa Flerov, who has been seeking permission to leave for Israel to donate bone marrow to her brother who has leukemia, has been told that she may leave immediately, an Israeli spokesman said Sunday, Reuters reported from the United Nations. Formalities had delayed the departure of the family while the condition of Mrs. Flerov's brother, Michael Shirman, continued to deteriorate. Mr. Shirman, 31, appeared in Reykjavik, Iceland, during the meeting between Mr. Gorbachev and President Ronald Reagan on Oct. 12 to plead for Soviet authorities to allow his sister to leave.

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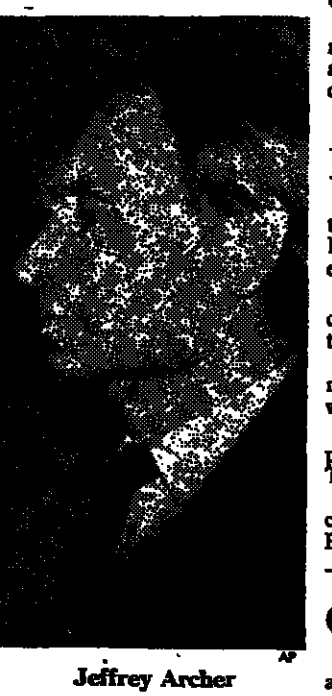
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Archer Quits Tory Post As Press Alleges Scandal

LONDON — Jeffrey Archer resigned Sunday as deputy chairman of the Conservative Party amid press allegations that he paid a prostitute to go abroad to avoid a scandal. Mr. Archer, a best-selling author, was quoted by Britain's domestic news agency, the Press Association, as saying that he had tendered his resignation to Prime Minister Margaret Thatcher after "foolishly" falling into a trap to offer money to a woman he had never met. The News of the World reported in its Sunday edition that Mr. Archer, through an intermediary, gave Monica Coghlan, 35, about £2,000 (\$2,800) to pay for the trip. Mr. Archer, 46, said he never met the woman. He said that he had received repeated telephone calls from a woman who identified herself as a pro-

stitute and told him that she was being harassed by the press about allegations that she and Mr. Archer had had a liaison. "In the belief that this woman genuinely wanted to be out of the way of the press and realizing that for my part any publicity of this kind would be extremely harmful to me," Mr. Archer said, "I offered to pay her money so that she could go abroad for a short period. "Foolishly, as I now realize, I allowed myself to fall into what I can only call a trap." He added: "For that lack of judgment and that alone I have tendered my resignation." According to other press reports, Mr. Archer had told friends he met Miss Coghlan on one occasion but denied having a relationship with her. One of the novels that made Mr. Archer a millionaire, "First Among Equals," is currently being serialized on British television. In it, one of the characters has his political career compromised by a sex scandal. Norman Tebbit, the chairman of the Conservative Party, said that he regretted the loss of his deputy and that Mr. Archer would be greatly missed at party headquarters.



Jeffrey Archer

Oil Well On Fire Off Mexico

MEXICO CITY — An oil well in the Gulf of Mexico was burning out of control after catching fire Friday, a spokesman for Petroleos Mexicanos said. No oil had spilled into the Gulf, he said.

Syria Mediates South Lebanon Truce

SIDON, Lebanon — Syrian military observers mediated a truce Sunday between Shiite Muslim militiamen and Palestinians to halt fighting around two Palestinian refugee camps in south Lebanon. A cease-fire came into force at 10 P.M. to halt three days of fighting between Palestinian guerrillas in the Ain al Helwah and Miyeh Miyeh camps near the port of Sidon and fighters of the Shiite Amal militia entrenched in surrounding villages. Twelve persons were reported to have been killed in the clashes. The truce was announced in Sidon after a meeting of Amal and Palestinian officials; a Syrian observer was chairman of the meeting.

An official statement said the combatants would withdraw to positions they held before the fighting started Friday night. It added that militiamen of the Sunni Muslim Popular Liberation Army would supervise the withdrawal. Further south in the port of Tyre, police said an Amal militiaman was killed and 25 were wounded as hundreds of Shiite fighters tried to storm the Rashidiyeh camp. Amal has been trying to prevent a revival of Palestinian military power in the south, four years after most Palestinian guerrillas were driven from Lebanon by Israeli troops. An Amal military source said his fighters had battled their way into the southern and eastern edges of Rashidiyeh. "We have reached the camp's school, which means we have infiltrated the Palestinians' first line of defense," he said. "Fierce battles are going on to prevent us from reaching the main square of the camp." Sources in the pro-Syrian Palestine National Salvation Front said a large-scale assault on Rashidiyeh had been repulsed. They said that Amal had been repulsed. The first time such weapons had been used against it. Another Syrian-mediated truce took effect Oct. 12, but the killing of five Amal militiamen Wednesday sparked a new round of violence. Two days later fighting engulfed the camps near Sidon, 23 miles (35 kilometers) north of Tyre.

WORLDWIDE ENTERTAINMENT

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S. Judge Supports Fundamentalist Parents School Text Lawsuit

By Dudley Clendinen
New York Times Service

PLANTA — A federal judge ruled in favor of a group of fundamentalist Christian parents that the public schools used their constitutional rights to select certain textbooks that excluded their children to goddess images.

The books at issue in the case in Hawkins County in Tennessee are of a reading series published by Holt, Rinehart & Winston and approved by the state of Tennessee. The books are used in the first eight grades of education.

They objected to a number of selections, including a passage in the "Diary of Anne Frank," in which Anne says to another character: "Oh I don't mean you have to be Orthodox... I just mean some religion... It doesn't matter what. Just to believe in something." The parents said this implied that all religions were equal.

The textbook treatment of the "Wizard of Oz" was offensive, the parents said, because it portrayed a good witch and taught that courage, intelligence and other traits were individually developed rather than God-given.

He found nothing wrong with books themselves, which the judge says are used in 15,000 school districts around the United States, and he did not order their removal from the curriculum.

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The Tennessee suit asked that the children be protected from schoolbooks infected with a philosophy. Another suit in U.S. District Court in Mobile, Ala., in which testimony recently led, asks that such books be removed from the curriculum and that the role of traditional religion in American culture be returned.

Judge Hill's opinion attempted to limit the effect of his ruling, saying, "This opinion shall not be construed to require the school to make any other option available to any other person or to these districts for any other subject."

As the court envisions the operation, each of the student-intiffs would withdraw to a day hall or to the library during or her regular reading period at school and would study reading by a parent later at home, the judge wrote.

The child's reading deficiency would be rated by the standardized achievement tests of the seven Tennessee families. Their lawyers were ecstatic.

I'm floating around ceiling level at now," said Michael Farris, the intiff's chief attorney, who pretends to teach his own children at home rather than to expose them to secular influence of the Virginia public schools.

John Workman, a spokesman for S. Inc., which owns Holt, and others who had defended the textbooks said they would seek to overturn the verdict.

This decision is a recipe for disaster for public education," said thony T. Podesta, president of the American Way, which paid expenses for the school's defense. "It invites every parent in the country to pick and choose which books it will accept."

Mr. Farris, the general counsel of Concerned Women of America, a conservative lobby of Christian parents, said he agreed that widespread extension of the decision would work a broad policy change in public schools, allowing parents to shop the curriculum to protect their children.

I think that's right," he said. "It's a serious offense to their religious beliefs, if there's a sex education course that teaches that homosexuality is a wonderful alternative life style, I think they can

Major Paintings Stolen in Australia

By Reuters

DELAIDE, Australia — Three paintings by Gauguin and one by one Boudin, worth a total of 2 million Australian dollars (\$1.3 million), were stolen from a suburban art gallery on Saturday, the police said.

The police said that the thieves had broken through a window into the rick Hill Estate gallery in Angfield, the former home of a woman who left it to the South Australian government.

The paintings were "Shepherdess with Lamb" and "The Yellow Sky" by Gauguin, and "Ugling Ship" by Boudin.

AMERICAN TOPICS

Sunday Shopping Now Commonplace

Sunday shopping has become commonplace across the United States in the past 10 years, and remains banned in only 12 of the 50 states. Some of these allow their counties or cities to set the rules.

In New York, department stores were joined by hundreds of small retailers in opening on Sundays. A mall in Milford, Connecticut says it does as much business from noon to 5 P.M. on Sunday as during an 11-hour weekday. Merchants generally agree that staying open on Sunday has increased total sales by about 3 percent.

Although most stores don't open until noon on Sunday, the Roman Catholic Archdiocese of New York, which a decade ago opposed the Sunday opening on grounds that it would cut church attendance, is still against it even though church attendance is up. A church spokesman said the practice cuts into the time people have "to spend with their families or for private meditation."

Hundreds of small stores in New York alone have gone out of business because they could not afford to stay open on Sundays.

Short Takes

Bicycle theft has been epidemic in the Miami area for years. Gary Silva, a bicycle shop owner, said, "Over 40 percent of the people who buy new bikes have them stolen within a year. Everybody around here knows that you cannot leave a bike outside the house because it will be gone in no time." Then police found proof of what they had long suspected: they seized five cargo vessels bound for Haiti and other Caribbean countries loaded with hundreds of stolen bicycles. "We have broken up a major international bicycle smuggling ring," said Cori Zywotow, a spokesman for the Miami police.

Long Island's western tip is part of New York City, but the eastern three-quarters, consisting of Suffolk and Nassau counties, has "an identity problem," according to Professor Elaine Sherman of Hofstra University School of Business. The two counties have a growth economy and a population of 2.5 million, larger than that of 21 states. But Professor Sherman says a survey shows that Americans tend to think of Long Island as an appendage to New York City, like Staten Island or even Coney Island. Businessmen are studying the problem. But the professor says that some Long Islanders "would just as soon keep Long Island a secret."

Shorter Takes: In the past 10 years the percentage of teen-age boys who smoke has dropped, from 28 percent then to 16 percent now, and though girls smoke more, the number of teen-age girl smokers has dropped from 28.8 percent to 20.5 percent. According to 1986 — Washington Representatives, the U.S. capital has about 10,000 lobbyists representing trade associations, labor unions, corporations, foreign countries and special causes.

Notes About People

President Ronald Reagan's approval rating among blacks has tripled from about 8 percent to

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PREHISTORY FOR SALE — A display of various dinosaurs at the gift shop of the New York Museum of Natural History attracted the attention of a young New Yorker.

It wasn't James Johnson's day. As assistant attorney general for the state of Washington, he was presenting arguments to the U.S. Supreme Court on his state's ballot access law when he used the word "irregardless." Chief Justice William H. Rehnquist quickly said, "I feel bound to inform you there is no word irregardless in the

English language." A few minutes later Mr. Johnson, somewhat flustered, responded to a question by Justice Byron White and confused him with Justice John Paul Stevens. "I feel obligated to tell you my name is White," Mr. Johnson was told.

—ARTHUR HIGBEE

CAMPAIGN BRIEFS

Judge Releases Voting-Roll Memo

WASHINGTON (NYT) — A federal judge has released a memorandum in which a Republican official said the party's program to pare the voting rolls in the name of "ballot integrity" could keep the black vote down considerably in a Louisiana Senate primary.

The memorandum, released Friday by Judge Dickinson R. Debevoise in U.S. District Court in Newark, New Jersey, was prepared by Kris Wolfe, a Midwest director for the Republican National Committee and was sent to Lanny Griffith, the committee's regional director for the South.

Republicans contended that the purpose of the program was to prevent voter fraud and not to lower the number of black voters. They said the reference to a reduction in the black vote referred only to a possible effect of the program in the Louisiana election and not to its goal. Democrats, however, said that the purpose was to "harass, intimidate and improperly challenge" black voters.

The program involved sending letters this year to registered voters in areas that voted 75 percent or more for Walter F. Mondale for president in 1984. If a letter was returned as undeliverable, the Republicans said, they might challenge the address's right to cast a ballot. The program was conducted in Louisiana, Indiana and Missouri.

Faces Can Win Votes, Expert Says

IRVINE, California (AP) — Flat cheekbones, angular jaws and eyes rounded at the top are among the aspects of a candidate's appearance that raise his share of votes by 5 to 10 percent, according to Shawn Rosenberg, a professor of political science and psychology at the University of California at Irvine who is studying political images.

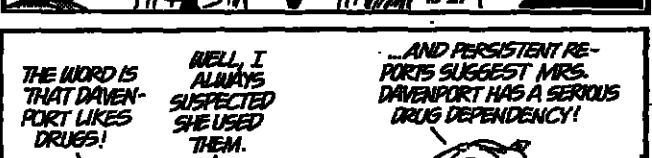
Mr. Rosenberg said his research was the first to pinpoint factors that determine voter perceptions of candidates, and he predicted his findings would change the way image-makers market politicians.

'Good Times' to Roll On, Reagan Says

WASHINGTON (UPI) — President Ronald Reagan has promised to "keep the good times rolling" and said that political opponents were working to raise tax rates to 70 percent.

Cranking up his campaign calloppe against a "return to those bad old days" of high inflation and high interest rates, Mr. Reagan, in his weekly radio address Saturday, sounded the same chord he has been striking in two-a-day campaign appearances for Republican Senate candidates.

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Dr. Szent-Gyorgyi, Who Won Nobel For Work on Vitamin C, Dies at 93

New York Times Service

NEW YORK — Dr. Albert Szent-Gyorgyi, 93, who won the Nobel Prize in Physiology or Medicine in 1937 for his isolation of vitamin C, died Wednesday of kidney failure at his home in Woods Hole, Massachusetts, it was reported Friday.

The career of the Hungarian-born biologist was marked by a variety of medical accomplishments and political activities. In 1954 he won an Albert Lasker Award for his research on heart muscle contraction.

Dr. Szent-Gyorgyi spent World War II in Hungary and was an anti-Nazi activist, taking refuge in the Swedish Embassy as the war drew to an end to avoid arrest. After liberation by the Soviet Army he was offered the presidency of the Hungarian Republic. He declined the post and instead became head of the Hungarian Academy of Science.

"After two years, I became disillusioned and left my country," he later said, adding that he began to dislike the growing Soviet dominance of Hungary.

In later years he spoke out against the war in Vietnam and in favor of disarmament. He wrote 10 books including "Science, Ethics and Politics," "The Crazy Ape," and "What's Next?" Other books, such as "The Living State and Cancer," dealt with his theory that on the submolecular level electrons play a special role in many biological processes.

Dr. Edward A. Dolsy, 92, isolated Vitamin K. ST. LOUIS (UPI) — Dr. Edward A. Dolsy Sr., 92, the 1943 winner of the Nobel Prize in Physiology or Medicine who isolated vitamin K and two female hormones, died Thursday of heart disease in St. Louis.

Dr. Dolsy, who was chairman emeritus of the St. Louis University School of Medicine's Department of Biochemistry, isolated estrone, a sex hormone, in 1929. He later



Albert Szent-Gyorgyi

identified estradiol, another female hormone. In 1938, he isolated vitamin K, a substance that stimulates the production of prothrombin, an essential element in blood clotting.

Frank Miller, 63, Executive at CBS Radio. NEW YORK (NYT) — Frank Miller, 63, vice president of programs for CBS Radio, died of heart failure at Beth Israel Hospital in

Boston on Wednesday while on assignment as executive producer of World Series baseball radio coverage. He lived in Manhattan.

Mr. Miller joined CBS Radio in 1972 as director of programming and was named a vice president in 1978. He played a key role in the network's sports programming, including professional football on Monday night and college basketball playoffs.

Other deaths: Andre Raffé, 57, an avowedly homosexual Swiss journalist and author who publicized the plight of AIDS victims and founded an organization to help them, on Saturday in Basel, Switzerland, of pneumonia complicated by the effects of acquired immune deficiency syndrome.

Fritz Hochwilder, 75, an Austrian-born writer and dramatist, on Oct. 20 in Zurich, after a heart attack.

Leon Henderson, 91, an economist who was the director of rationing in the United States during World War II, on Oct. 19 in Ocean-side, California.

Judge Lionel K. Murphy, 64, who was recently at the center of an unresolved controversy over allegations of impropriety, of cancer on Tuesday in Canberra, Australia.

U.S. Widens Farm Subsidies

New York Times Service

WASHINGTON — The Department of Agriculture has announced the largest program in history for paying farmers not to grow corn, sorghum, barley and oats.

It is offering as much as \$2 a bushel for not growing these feed grains, and economists said it could idle more than 10 million acres (four million hectares) of land next year.

Daniel G. Amstutz, undersecretary of agriculture for international affairs and commodity programs,

said that the new program would save \$500 million to \$750 million, compared with what the government would have to pay in planting loans, income subsidies and storage costs if farmers grew crops on the land.

The program was announced Friday, less than two weeks before congressional elections in which Senate and House seats from the Middle West and other states with large agricultural industries will be filled. It was attacked by Democratic leaders as a political maneuver.

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Herald Tribune

Published With The New York Times and The Washington Post

Too Fast in Reykjavik

Phase one of the post-summit process was dejection: phase two was a recovery of hope; phase three was the effort to establish exactly what happened in Reykjavik—and phase four is now developing. It is the effort to work out an alliance policy that satisfies American strategic considerations and the European allies' requirements, too.

This doesn't mean that phase three is finished. On the contrary, the White House and Mikhail Gorbachev have been engaged in an extraordinary public debate over what was offered and agreed on in the hurry-burly of Iceland. But the emphasis now, at least on the U.S. side, is to ensure that henceforth policy takes into full account the implications of trying to move rapidly to a world without the different sorts of nuclear arms that the two leaders discussed cutting or eliminating at Reykjavik.

There are two considerations here. The first bears on Europe and the Strategic Defense Initiative. Europeans are dubious about the SDI but, out of deference to the leader of the alliance, they hesitate to get into the middle of the U.S.-Soviet argument over it. Still, they do not want the SDI to become an obstacle to arms control, which remains their priority. To keep Moscow from using the SDI as a wedge, Mr. Reagan will have to consult very closely with the Europeans as he goes along.

Then, like many strategic thinkers (including Pentagon officials) in the United States, the allies fear that Europe might fare poorly if it is deprived of the nuclear forces that generations of Westerners have seen as compensating for Moscow's superior conventional forces. These alarms seem to have induced the Reagan administration, as it

returns to Geneva, to edge back from some of the grander strategic proposals discussed in Iceland. The summit also made it urgent to reconsider the conventional arms balance in Europe. In Vienna on Nov. 4, the latest Helsinki meeting begins. There Washington must blunt the expected Soviet attempt to remove all-European issues of human rights from this all-European forum. Further, it must devise the framework in which all the allies (including France) can enter talks on conventional forces and make them work. With nuclear cuts, either Western conventional forces must go up to match Moscow's advantages in forces and proximity, or Soviet forces must go down.

Mr. Gorbachev declares that the United States is "twisting" the results of Iceland. In the same breath he complains that while he came to Reykjavik with fresh proposals, Mr. Reagan arrived "empty-handed." But this is not the whole of it. Mr. Gorbachev went to Iceland announcing a modest purpose. Once there, he unveiled a strategy of surprise and tried to ravel Mr. Reagan. Things moved too fast, as is demonstrated by the continuing argument over whether the two agreed to destroy ballistic missiles or also other strategic offensive arms.

It may be thought an embarrassment now for Mr. Reagan to consolidate his policy at the more modest end of a scale marked, at its other end, by the extravagance of Reykjavik. But this would be a small and passing embarrassment and one far preferable to accepting a Soviet reading that is not in the American interest. Mr. Gorbachev will have no difficulty understanding this, as he settles down.

—THE WASHINGTON POST.

Listening to Germans

Is it time to forget about West Germany again? Chancellor Helmut Kohl has finished his Washington visit. He is a shoo-in for re-election in January. His economy is looking healthy. And the ruckus over whether all the Euro-missiles really be removed will pass. Except for the occasional storm over the likes of Bitburg or missile deployments, West Germany has not held America's attention since the Berlin crisis. It is something that Germans in the United States lament: How might it be changed?

Would Americans pay more attention if the Germans were upset with them? They are. The Euro-missile argument is a symptom of a larger concern, although Mr. Kohl's rival, Johannes Rau, apparently cannot tie it to victory. As Chancellor Kohl made clear to President Reagan, Germans worry about losing American nuclear protection. Yet they worry about keeping it, too, whenever Americans don't satisfy German concerns about U.S.-Soviet relations.

Mr. Rau, probably West Germany's most popular politician, hardly threatens Mr. Kohl. That is partly because his Social Democratic Party has problems. The left wing Greens siphon off support. The labor movement is weakening, what with declining membership and curious economic activities that have produced financial difficulties and political scandal. But the main reason why Mr. Kohl's re-election looks

certain is that life looks fairly good in West Germany. He pledged to get the economy back into shape without inflation; many people are satisfied with his progress. The growth rate appears healthy, and unemployment is starting to come down.

But Germans are angry at something else: the U.S. deficit. The president of the Bundesbank has called the huge flow of funds into America a more serious threat to world economic stability than Third World debt. In fact, America gets much bad press in West Germany. More Germans seem to view the Soviet Union and the United States as equally untrustworthy.

Despite its economic health, the Federal Republic struggles with chronic youth unemployment and enormous excess economic capacity. It has immigration and guest-worker problems. Relations with East Germany are a continuing complication. German and American economic policymakers argue over who should make what move to help the world economy.

Still, when Mr. Kohl sat down with Mr. Reagan last Tuesday it gave him a pleasant talk. West Germany, its officials point out, has responded to American concerns stirred up by Bitburg with helpful exchanges to increase mutual understanding. The country looks secure, and German-American relations remain calm and stable.

—THE NEW YORK TIMES.

Other Comment

Britain Breaks With Syria

For the past few years the West has preferred to ignore the evidence of Syrian involvement in terrorism. This led President Hafez al-Assad to believe that he could always rely on the fears of his opponents. The Hindawi case [Nezar Hindawi was convicted of trying to plant a bomb on an El Al flight leaving London] is the final demonstration of the bankruptcy of appeasement.

The government has taken the correct action [in severing diplomatic relations with Syria] and should be congratulated. Further measures may be necessary. Everything possible should be done to step up security at embassies and airports. The other urgent need is cooperation between the Western allies. This, alas, is some way off. The initial German response has been most disappointing. When it comes to terrorism, our European partners appear to have all the wrong instincts. They should learn from past French failures and recent American successes. With every passing month it becomes clearer that the Americans were absolutely right to move against [Colonel Moazzam] Ghereh—and the British government was right to support them.

Mr. Assad has many more murderers on his payroll. Britain may have to pay a price for taking the lead. But Mr. Assad should beware. He is not invulnerable. If he strikes at Britain, then Britain must—and will—find a way of striking back at him.

—The Sunday Telegraph (London).

Mrs. Thatcher has broken a taboo. By naming Syria as the backer of Nezar Hindawi, she has relegated President Assad to the ranks of common terrorists. Worse, for Syrian pride, President Assad is now being treated like another Colonel Gadhafi.

For Syria, which intends to remain theynchpin of any Middle Eastern solution, the insult was all the stronger coming at a time when it faces many difficulties, internally with its economic crisis, externally with its patent lack of success in Lebanon. By setting the example, Mrs. Thatcher spot-

lights a question that had just begun to emerge: Is President Assad, after having been a "winner," now becoming a "loser"? To be sure, the foreign secretary has admitted that Syria was an "important" country and that, in this respect, the rupture with Damascus constituted a "sacrifice" for Britain. And Washington, although it applauded the British decision, intends to maintain its contacts with Damascus, an indispensable go-between on such matters as the hostages in Lebanon.

But it is no less true that in a region where symbols count for as much as facts, London's decision to break relations means that President Assad does not score people as much as he once did.

—Le Monde (Paris).

[The British government] had no immediate option but to break diplomatic relations. The Syrian Embassy is at least as closely involved in terrorism as the Libyan People's Bureau was, and with a larger hit list. The U.S. Defense Department may have picked the wrong target [in its bombing raid on Libyan targets], though that emphatically does not mean it should never look for another. What we do not know is in which of the murky depths of intrigue the plot was conceived, and to what degree President Assad gave his personal blessing.

—The Guardian (London).

A willingness to accept some costs is essential in the struggle against terrorism. It is, after all, because Syria and Libya believe this country would always place its commercial interests in the Middle East before the cause of anti-terrorism that they used their London embassies as terrorist bases. Further steps must be taken. [The Western allies should] hunt down and destroy the terrorist groups to which states like Syria and Libya contract out their murders. If we shrink from such actions, the terrorists and their sponsors will be confirmed in their view that they are dealing with a nation of shopkeepers.

—The Times (London).

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 Managing Dir. U.K.: Robin MacCormack, 63 Long Acre, London WC2E, Tel. 836-4822, Telex: 262009
 Gen. Mgr. W. Gannaway, W. Lamberth, Friedrichstr. 15, 6000 Frankfurt/M., Tel. (089) 726733, Telex: 416721
 Pres. U.S.: Michael Coney, 820 Third Ave., New York, N.Y. 10022, Tel. (212) 755-3890, Telex: 421725
 S.A.: an affiliate of I.H.T. Inc., 17001 E. 12th Ave., Denver, Colorado, Phone No. 61337
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Coming to You Live, Doctor Spin Himself

By Tom Wicker

NEW YORK — "Spin doctors" are the hot new item in 1986 American politics, although they have long been with us under other pseudonyms. However called, they "put the right spin on the ball" in 1968, when they saw light at the end of the tunnel in Vietnam. In whatever guise, they were setting up the hitters in 1981 with the message that taxes could be cut, military expenditures raised and the budget balanced.

Spin doctors will discover "encouraging progress" in a poll showing their candidate 20 points behind; or, if he is ahead, their fund-raising letters will declare him in mortal peril. If unemployment is 7.15 percent this month as against 7.25 last month, spin doctors see a boom.

Now, in our time, we have been privileged to meet the one and only Doctor Spin himself, the master curve-baller, illusionist and smoke-blower of the day, maybe the all-time champion of dippy-do. He turns out to be — not unlike the Wizard of Oz — none other than that friendly and lovable president, Ronald Reagan.

How do we know? The recent achievements of the maestro provide the only needed verification:

• Who but he could have swapped a Soviet spy for an American journalist while assuring the nation that it wasn't really a swap — or, if it was, our horse-trader got the better of their horse-trader?

• When leaked White House documents documented a "disinformation" campaign aimed not at the Soviet press but at the U.S. press, was the doctor disloyal? Not in the least; he denied that disinformation

Polls are up, and that's the name of the game.

had been planned or planted — while junior spinners asserted that if it had been, it would have been justified.

• When a U.S. plane formerly used by the CIA and owned by a company with links to the CIA was shot down in Nicaragua, a surviving American crewman said he had been told that he worked for the CIA; then he named a supervisor with links to the CIA and to Vice President George Bush. A former CIA director, Doctor Spin and all his little spinners explained that they knew of no links between the plane and the CIA — and, anyway, since the Sandinistas are a bunch of Reds, what's the beef?

• But all of this masterful bridging of Credibility Gap was eclipsed by the legendman of Doctor Spin and his stage hands in the aftermath of the Iceland summit's collapse. PR men as yet unborn will some day curse the fate that denied them an eyeball view of the master's peak performance.

Secretary of State George Shultz, scanning near tears, told a national television audience that Sunday night that he was "deeply disappointed" by the summit failure. But by Monday a fully orchestrated administration, with the Doctor on the podium, was spinning out the melody that "breakthroughs" and "sweeping potential agreements" (breath-taking phrase!) had been achieved.

In this "post-summit phase" (more genius), White House spinners logged 11 "media events" (a Geneva olive), 53 involving top spinners like Donald Regan and Mr. Shultz — who, quick-ly recovering from his disappointment, personally spun out the good news for the networks and The New York Times. Peter Ronssel, a deputy spinner, was moved to speak pridefully of a "media blitz."

Some carping was heard. Mikhail Gorbachev, unfortunately, does not seem to believe that the superpowers are as close to an agreement on intermediate-range nuclear forces as they are ("No, no there couldn't be such, and there wasn't," he insists), and the records of the summit talks in Iceland, such as they are, suggest that the two sides only reiterated their basic incompatible positions.

Mr. Gorbachev declared also that any concessions he had made in Iceland were part of a package that represented "a balance of interests and

concessions," and concluded: "No package — no concessions." But that was duck soup for the Doctor, who knows the value of an up beat: "It's heartening," he said in Missouri, "to find Mr. Gorbachev agreeing with me that the proposals we made in Iceland are still on the table."

Even at home, cynical senators want to know if the president agreed at the summit to the ultimate elimination of strategic ballistic missiles, or — as Mr. Gorbachev asserts and Mr. Reagan himself once indicated — to doing away with all strategic nuclear weapons, a far different matter.

The White House has not yet found just the right spin to put on that ball. But the polls are up and Doctor Spin is on the campaign trail. One more win for the Gipper may be in sight and that, fellow rubes, is the name of the game.

The New York Times.

Don't Waste Reykjavik's Achievements

By Shirley Williams
The writer is President Britain's Social Democratic Party.

LONDON — As the president of a political party with an unquestioned record of support for the NATO alliance and of admiration for the United States, let me plead with the alliance's friends in the Reagan administration and Congress: Do not let the massive Reykjavik achievement slip through your hands.

If it does, the political cost will be incalculable. In the few short years of the Reykjavik summit, the consensus on defense between Europe's democratic political parties began to fragment. Labor, the largest opposition party in Britain, today stands for the removal of U.S. nuclear bases, both for intermediate missiles and for bombers, and the abandoning of Britain's own nuclear deterrent, Polaris.

West Germany's Social Democratic Party, its largest opposition party, and the Greens — its second largest — are moving in the same direction. These parties are ambiguous about whether they accept the U.S. nuclear umbrella: They would like to make a political gesture without paying the price in terms of national security. What they will not face up to is the potentially fearsome repercussions on the North Atlantic Treaty Organization and on American public opinion of closing U.S. bases in Western Europe, while any plan for the deployment of the Anti-Ballistic Missile Treaty, narrowly interpreted — and no West European government would accept the broad interpretation floated by some members of the

administration — the SDI is effectively consigned to the laboratory. The president was willing to keep it within the ABM treaty for 10 years, but the Soviet Union wants it constrained for much longer.

Publicly loyal about the SDI, European leaders are privately unhappy. Like many distinguished scientists, they doubt it will work; even if it does, they believe it will enhance the deterrent by protecting missiles, not supercede it by protecting populations. Prime Minister Margaret Thatcher and West German Foreign Minister Hans-Dietrich Genscher have made clear that there should be no deployment without full consultation with the allies, and that development should stay within the ABM treaty. The issue on which Reykjavik broke down is not one on which America and its allies are united. That presents grave political dangers.

Five years' delay — the difference between what the president was willing to concede and what the general secretary wanted — on testing a highly speculative piece of research seems insignificant compared with the opportunity of a huge reduction in nuclear arms, the opportunity to divert resources in the West to improve conventional defenses, and a moratorium on extending the arms race into space. Those of us in Europe who support the Atlantic alliance hope that the president, with Congress's urging, will renew his efforts to save what he achieved in Reykjavik.

The Washington Post.

It Was the Soviets Who Miscalculated

By John M. Poindexter
The writer is President Reagan's national security adviser.

WASHINGTON — When General Secretary Mikhail Gorbachev proposed a meeting in Iceland, he argued that the personal intervention of the two leaders was needed to give impetus to the various ongoing negotiations. President Reagan accepted, for a number of reasons.

First, the United States should always take the position of being willing to talk. We are not the party that walks away from the negotiating table (as the Soviets did in 1983-84).

Second, the Iceland meetings came after a long summer of intensive negotiations and preparations. We were working toward a possible full-fledged summit meeting in Washington, and our preparations were in high gear — particularly in arms control.

We and the Soviets had embarked in June on an intensive series of talks on nuclear testing, regional conflicts and arms reduction. In the last, seven American experts traveled to Moscow for two days of substantive exchanges, and their Soviet counterparts later came to Washington. So, though we took General Secretary Gorbachev at his word that the Iceland meetings would be general pre-summit discussions, we were thoroughly prepared — and the president took leading experts from all key agencies to Iceland with him.

We were not surprised that the Soviets made important moves in

deserves credit for taking advantage of the opportunity to nail down the progress these moves represented.

Both sides agree that in Geneva we should continue where we left off in Iceland. We are doing so. In other areas of U.S.-Soviet relations, we also made progress. The president stressed the importance of human rights, and we made clear our concerns about Jewish emigration, divided families and dual nationalities. A vigorous discussion took place on regional conflicts. We made clear what we thought of aggression and subversion by the Soviet bloc. And we agreed on a detailed work plan for resuming or starting negotiations on a range of issues, including nuclear safety and nonproliferation, maritime boundaries, maritime search and rescue, cooperation on thermo-nuclear fusion and space, new consulates and strengthening international efforts against terrorism.

The U.S. delegation was dealing from strength, based on Mr. Reagan's success over five years in restoring America's global position. Some seemed wedded to the view that a meeting between top leaders is safe only if everything is prepackaged. In fact, most summits in the past few decades have involved significant discussion and negotiation. The leaders can cut through knotty problems that would take months to resolve if left to bureaucratic processes. It is ironic that an administration long criticized for not moving in arms control is now criticized for moving too fast.

Underestimating Ronald Reagan is a mistake. He has firm convictions and bold vision. In arms control as in many other areas, he catches others by surprise when they learn he means what he says. Now he is challenging us all to look toward a future in which stability is assured by strategic defenses, while strategic offensive forces are radically reduced. It is a future of mutual assured defense, not assured destruction. He has no intention of backing away from the ideas he presented to Mr. Gorbachev.

The Washington Post.

arms control. Many of our experts predicted they would. We were also aware that the Soviets might declare the meeting a failure and try to score propaganda points that way.

A better case can be made that it was the Soviets who miscalculated. If they thought they could lure the president into trading away the Strategic Defense Initiative by extractive offers in other areas, they were wrong. If they thought they could win a propaganda victory in Western Europe by making the SDI seem the obstacle to an agreement on intermediate-range nuclear forces, they were wrong. If they thought they could turn U.S. public opinion against the president, they were wrong. If they thought they could force the president into major concessions by the pressure of the Iceland scheme, they miscalculated.

The Soviets made significant moves — agreeing to 50-percent reductions in strategic offensive forces, to an important procedural compromise that opens the way to a real negotiation on nuclear testing, and to a sweeping reduction in intermediate-range missiles in Europe and Asia. They deserve credit for making these moves — and President Reagan

Western Threats Can Be Self-Defeating

By S. Nihal Singh

BOMBAY — The Western countries and Japan are doing themselves and UNESCO little good by fighting a phantom enemy. They have so convinced themselves of the threat of the organization's director-general, Amadou Mahtar M'bow, obtaining a third term — where no such threat exists — that they might help to create one.

Mr. M'bow's vanities and deficiencies need no cataloguing. Nor is

UNESCO has never had an Asian as its director-general.

exploited this concern by letting it be known in the lobbies that they were against a third term for Mr. M'bow, immensely pleasing the West.

The West was not completely reassured, however. And a major objective of the Western media at the end-of-the-session press conference was to try to pin Mr. M'bow down to declaring that he was not a candidate for a third term.

Whatever his intentions — and they can change — the majority of the Third World does not want to give him a third term. There are a variety of reasons for this consensus. Mr. M'bow's authoritarian tendencies and his propensity to promote docile loyalists have rubbed many Third World countries, as others, the wrong way.

Among Asian Third World countries, there is also the feeling that Africa has had a pretty long run of the top job in UNESCO and that it is now Asia's turn. No Asian has been director-general of UNESCO since the organization was founded more than 40 years ago.

But the bottom line for most Third World countries is that Mr. M'bow has become too much of a liability to be a viable proposition for a third term. They also realize that any attempt to reform the organization would be negated if he were re-elected next year. Inevita-

bly, several more of the Western countries, apart from Japan, would leave the organization.

Perhaps Mr. M'bow's biggest mistake since he began his first term in 1974 has been to be a spokesman for the Third World, rather than of the entire membership. Western attacks on him in the last two years have merely goaded him to be an even more outspoken spokesman of the Third World.

In his heart of hearts, he must realize that his time is nearly up. The only way he could succeed in obtaining a third term, should he want it, would be a ferocious Western move to propagate against having him after November 1987. He could then pose as a martyr.

Instead of honing in on Mr. M'bow, the Western countries would do themselves far more good by informally discussing names of persons with the potential of reviving UNESCO in these troubled times. Asia has a strong case for naming the next director-general. But the main requirement for the head of the premier international intellectual organization, now in disrepute, should be a person of integrity and intellectual attainments possessing a measure of administrative ability.

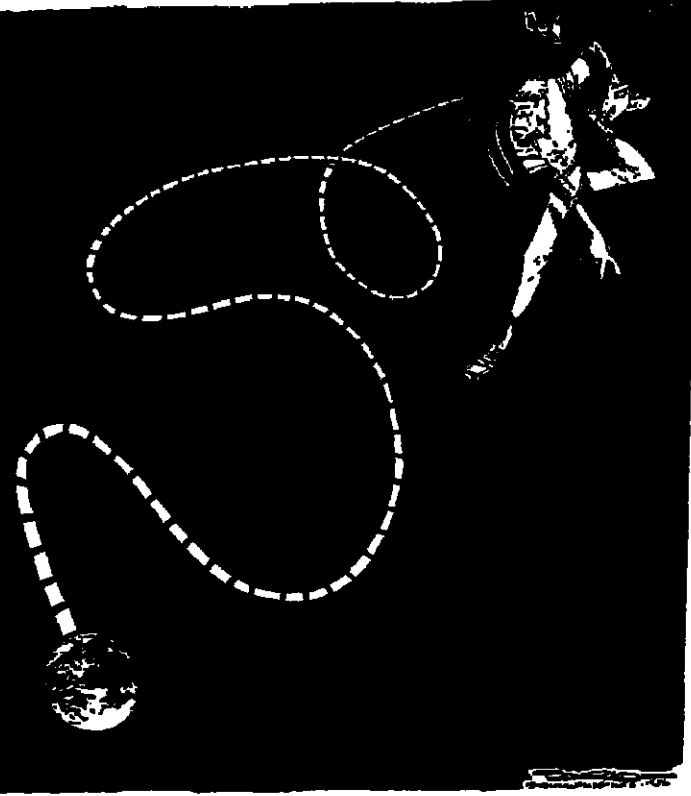
The writer is preparing a book on UNESCO for the Twentieth Century Fund. He contributed this comment to the International Herald Tribune.

1911: Reform in China
 PEKING — The edict [of Oct. 26] commanding the dismissal of Sheng Hsuan-Huai, the Minister of Communications, and the appointment of Tang-Shao-Yi as Minister in his place, signifies the first victory of the National Assembly in its campaign for drastic reforms.

Throne's prompt sanction to the first demands of the Assembly is regarded as an assurance that the Manchurian rulers will accept the whole programme of the Assembly. In the opinion of leading diplomats the programme contains proposals that may form an effective base for compromise. While undoubtedly there is much sympathy for the rebel cause, the belief is general that the Powers would prefer a strong Chinese Government under the present dynasty rather than the chaotic conditions that would follow a rebel success.

Go to Zero And Start Thinking?

By Jim Hoagland



PARIS — While President Reagan's refusal to trade away his Strategic Defense Initiative has disappointed American comment on the Reykjavik summit, Europeans have been paying more attention to what he said "yes" to — and wondering if he could have really meant it.

By agreeing to withdraw the American medium-range missiles that have been deployed in Western Europe since 1983, and then to do away with all ballistic missiles over a 10-year period, Mr. Reagan demonstrated a startling willingness to scamp key parts of the extended deterrence doctrine that has been the central pillar of U.S.-European defense cooperation for two generations.

In the famous 24-hour bidding session that produced the near-agreements, neither the president nor his aides had the time or, apparently, the inclination to think through what would have replaced the "coupling" of American missiles to Western Europe's limited ability to resist a massive conventional Soviet attack.

As a result of Reykjavik, Europeans are beginning to understand more fully that they are dealing with an American president who makes no pretense of believing in the traditional concepts of deterrence that have prevailed in Europe since the invention of the atomic bomb.

"As of today, all free nations are utterly defenseless against Soviet missiles — fired either by accident or design," the president said in his Oct. 13 report to Americans on Reykjavik. Asserting that the SDI would (eventually) solve this (present) problem, and using language that could have been appropriated from the nuclear freeze movement, he rejected the "policy of mutual destruction and slaughter" of American and Soviet citizens that is the core of deterrence.

Mr. Reagan's incomplete proposals at Reykjavik add significantly to the incoherence that already surrounds much of the discussion about extended deterrence. For, as he himself suggests, deterrence is a bargain with the devil. Under its terms, an American president must risk the destruction of Chicago to prevent the occupation of Hamburg.

Charles de Gaulle, among others, predicted that no American president would make that trade, a view that has been echoed by Mr. Reagan's Oct. 13 remarks.

But much of the incoherence in the strategic debate results from the European side's inability to state its real position to the American public, which is asked to underwrite a nuclear commitment obtained in large part on the sly. For the Europeans, the key to survival is to make sure that Americans are at least as much at risk from the Soviets as they are.

Thus, when in the mid-1970s the Soviets deployed medium-range SS-20 missiles that could only hit European targets, West Germany demanded a U.S. response that would add a nuclear dimension to the trip wire of 300,000 American troops stationed in Europe. The response came in the form of Pershing-2 and cruise missiles capable of hitting the Soviet Union from Europe — and, more important, of being hit by Soviet missiles in an attack on Europe.

In Iceland, Mr. Reagan took up Mr. Gorbachev's dare for both sides to go to zero on medium-range missiles in Europe, as Mr. Reagan had originally proposed in 1981. Seen then as a clever gambit to siphon public resistance to deployment in Britain and West Germany, the "zero option," if implemented today, would make the half-completed deployment appear to have been a full-scale exercise that resulted in a full-scale, not increasing, the protection of its missiles given to Europe. Moreover, the deal discussed at Reykjavik does nothing to solve the problem of the continuing growth of shorter-range Soviet systems in Europe.

Mr. Gorbachev may come to feel that he has more to gain from the political mischief of the "zero option" than he does from the questionable military value of the SS-20s. He and his aides are now giving European reaction, and it is probable that he will again sever the medium-range deal from his proposals on strategic missiles and on the SDI — probably if the Reagan administration is seen to be having serious second thoughts about going ahead with the understanding that the two leaders reached at Reykjavik on medium-range systems.

Like the evil dwarf in the fairy tale who comes unexpectedly to demand the first-born child in return for either help, the "zero option" is knocking on the doors of Helmut Kohl and Margaret Thatcher.

The Washington Post.

IN OUR PAGES, 75 AND 50 YEARS AGO

1911: Reform in China

PEKING — The edict [of Oct. 26] commanding the dismissal of Sheng Hsuan-Huai, the Minister of Communications, and the appointment of Tang-Shao-Yi as Minister in his place, signifies the first victory of the National Assembly in its campaign for drastic reforms. Throne's prompt sanction to the first demands of the Assembly is regarded as an assurance that the Manchurian rulers will accept the whole programme of the Assembly. In the opinion of leading diplomats the programme contains proposals that may form an effective base for compromise. While undoubtedly there is much sympathy for the rebel cause, the belief is general that the Powers would prefer a strong Chinese Government under the present dynasty rather than the chaotic conditions that would follow a rebel success.

1936: 'The Real Danger'

LONDON — An appeal to Great Britain to join Germany in fighting Communism was delivered by Chancellor Adolf Hitler's friend, Joachim von Ribbentrop, upon arriving here [on Oct. 26] to assume his post as Ambassador. Von Ribbentrop said: "Germany wants the friendship of Great Britain and I think the English people want Germany's friendship. The Führer is convinced that the only real danger for Europe, and the British Empire as well, is the spreading of Communism. Communism is the most terrible of all diseases — terrible because people generally only seem to realize its real danger when it is too late. Other countries in this sense is not only an important, but in my opinion a vital necessity in our common struggle for the upholding of our civilization and our culture."

OPINION

Football Tragedy Inspires Search for a Paralysis Cure

By George F. Will

AMI — Love has its furies. No love is more intense than parental love is fiercer than that of a whose child's prospects have been ruined by tragedy on the edge of adulthood. Something happened in Miami research in Miami shows that it can be fruitful. It shows something else. The times of famous families can, in kind blessings for others. The most consequential event in the annals of America's treatment of citizens was that Joseph and Kennedy had a retarded daughter. If their sons became a president with the urgency of the Manhattan Project...



I had to ask.

Japan: On Racism and the Costs (and Myths) of Success

John W. Dower's explanation of Japan's racism in "The War Against the Pacific" (Vintage, Oct. 9) may make sense, but no decent people can overlook the uglier sides of its practices. Mr. Dower's view that Japan is nervous about its success may be right as well; however much Japan disavows its intellectual debts to others, its success relies heavily on borrowing from more dynamic and pluralistic cultures — Chinese culture in its heyday and Western culture today. Japan's obedient habits and "homogeneity" may have succeeded in generating wealth for now, but they have been unable to generate the kind of basic ideas and inventions that propel civilizations forward. If I were a Japanese supremacist proud of "my" accomplishments, I would be indeed nervous about my claims.

Letters to the Editor

Congress to try to solve this problem. Many Italian-Americans now live as retirees in southern Italy. Mario Cuomo, governor of New York, where many of them once lived, has been informed of their plight. Italian-Americans are also begging Congress to help. Unfortunately, James Baker, the Treasury secretary, has continued to issue statements harmful to the dollar, though its precipitous fall has not narrowed the huge foreign trade deficit. OTON AMBROZ, Trieste, Italy.

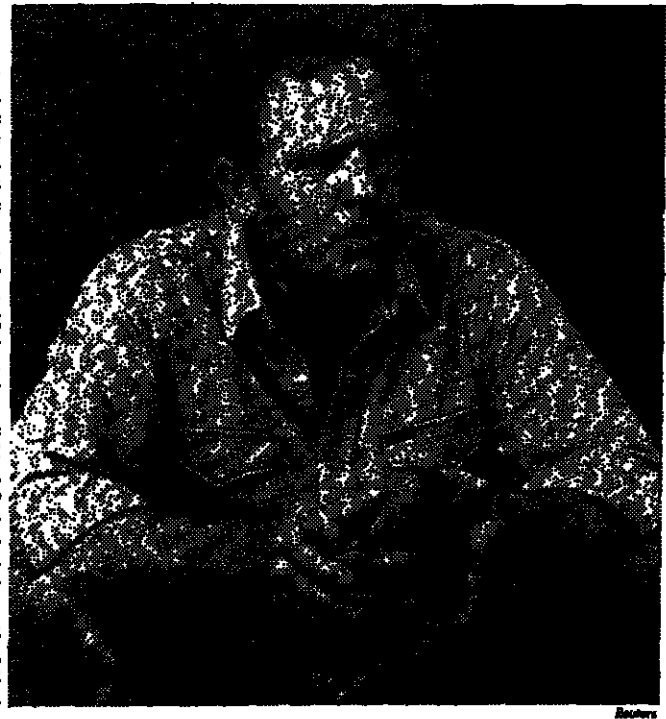
Mere Words Won't Suffice On Wiesel's New Platform

By Edwin M. Yoder Jr.

WASHINGTON — Elie Wiesel, who as a Romanian boy in his teens survived two Nazi death camps and is now the most eminent living witness to their elusive meaning, says he is "grateful" to win the Nobel Peace Prize. No doubt; but the gratitude must be qualified by a sense of challenge. The Nobel Peace Prize is the greatest of the world's proliferating honors, an instant platform with every spotlight beaming upon it. Nobel laureates are expected, indeed pressured, to speak on demand about every threat to mankind's common well-being, from racism to mass starvation. It offers an insidious temptation to dispense instant wisdom. Past winners of the highest integrity and moral force, as different as Martin Luther King Jr. and Dag Hammarskjöld, have been unable to resist the temptation. The problem remains. Every time the Africaner government does something particularly stupid or brutal, the 1984 Nobel Peace laureate, Desmond Tutu, has a microphone thrust into his face. And, since these brutalities are unending, the archbishop's font of wisdom sometimes runs a bit thin. Into this pressure cooker of publicity comes Mr. Wiesel, who for 40 years has tried to persuade a jabbering world of the immense difficulty of characterizing, in mere words, the most monstrous of 20th-century crimes: Hitler's mass destruction of the European Jews. When the Nobel committee gave Mr. Wiesel the 1986 Peace Prize, they set up the ultimate clash between the culture of practice and the culture of renunciation. Of all possible Nobel peace laureates, Mr. Wiesel is sure to be the most reluctant candidate of all for world-class pundit. In his wariness of words, he personifies the difficulty discussed by Irving Howe in a recent New Republic essay on the literature of the Holocaust. A Yiddish poet quoted by Mr. Howe said of that horror: "Way Jeremiah to sit by the ashes of Israel today, he would not cry out a lamentation. He would maintain a deep silence. For even an outcry is now a lie, even tears are mere literature, even prayers are false." That is a measure of the difficulty of dealing with Mr. Wiesel's principal subject. He is already, or soon will be, the most widely known of all the interpreters of the calamity he was the first to call "holocaust." But his verbal modesty, his reticence, sometimes seems an almost physical affliction. After being freed, aged 16, he waited 10 years before writing anything at all about the death-camp experience. That account he revealingly called "Silence." Still today, many words later, one watches him grope for terms that will not cheapen or trivialize the great subject that obsessed him. Silence, and what Irving Howe calls "strategies of indirection," are unusual today in public speakers. A devotion to reticence, to what is better left unsaid, goes against the grain of the age. Mass-media ways of viewing the world have made us confident of our ability to depict even the most dreadful events in a 20-second sweep of the camera. No soul-shattering occasion, no deplorable event — from an airliner crash to a politician's rampage — seems to pass without its instant commentary. In giving this new platform to the most understated "messenger" of suffering in our time, the Nobel committee has set up an intriguing clash between two worlds: Elie Wiesel's world, in which words often fail, and the other world, in which words are not allowed to fail. The outcome can hardly be predicted. All the same, I am betting on Mr. Wiesel to get across this truth in our too talkative age: In the face of the great extremes of human behavior, it is always hard, and sometimes impossible, to improve very much on silence.

Hasenfus Feels Caught in Political Trap

By Edward Cody Washington Post Service MANAGUA — Engene Hasenfus, the American captured from a rebel supply plane, says he has little idea what is being done to him and he feels caught between the rival political agendas of his Sandinista captors and his U.S. defense lawyer. "I'm not quite sure what is happening," Mr. Hasenfus said Friday in an interview at the maximum-security prison where he is being held. "I'm hoping that as this process goes on, I'll become more involved in it and I can keep up mentally with all this." Mr. Hasenfus's comments, made in an Interior Ministry official-reporting the conversation, revolved around a choice he has to make between full-fledged cooperation with the Sandinista government or an active defense challenge to the validity of the revolutionary tribunal where he is being tried. Mr. Hasenfus declined direct contact on reports circulating that the Sandinista government suggested lenient treatment in return for cooperation and admission to the tribunal. He said he has not yet decided whether such an admission would be in his interest and added, "The Sandinistas back and forth." Mr. Hasenfus, 45, was captured aboard the C-119 cargo plane shot down Oct. 5 during a revolt over southern Nicaragua to rebels. He was captured by a Nicaraguan justice minister was incompetent to bring terrorism and other charges against Mr. Hasenfus and that the tribunal was partial and incompetent to try him. Mr. Hasenfus said he wanted to confer with a former U.S. attorney general, Griffin B. Bell, before making up his mind. Mr. Bell, who was hired in the United States to lead the defense, arrived Thursday night. Under Nicaraguan law, he must officially act as Mr. Sotelo's adviser. On Friday, Mr. Bell seemed to lean toward the political challenge



Engene Hasenfus speaking in a Nicaraguan prison.

Wilder Alerts Airlines After 4 Engine Failures

By Richard Witkin New York Times Service WASHINGTON — Reacting to four engine failures during the last 16 months, Pratt & Whitney engine maker, has sent an "bulletin" to airlines urging design changes to prevent breakdowns. The engine failures, which were named in the bulletin, were issued Saturday, are on 32 Airbus twin-jet A-310 and 67 twin-jet Boeing 767s in the United States and abroad. The four failures occurred on A-310s, but inspections have traced up potentially dangerous cracks on four or five other A-310s and on three 767 engines. The two most recent flights were operated by Pan American World Airways and originated in Hamburg and Munich. The other two were a Swissair takeoff from London and a Nigeria Airways takeoff from Port Harcourt, Nigeria. All four failures were traced to rupture of a metal air seal between the engine's two high-pressure turbine stages. In all four incidents, despite extensive engine damage and, in two cases, other damage, the pilots were able to make safe emergency landings with the remaining good engine. The air seal is essentially a circular metal ring with three grooves all the way around the outside. The four sharp ridges, or flanges, bordering the grooves are called "knife edges." The purpose of the air seal is to prevent hot combustion gases from straying from their precisely calculated rearward paths through the turbine stages and thereby leaking away some of their efficiency or power. In the four failures, the part that ruptured was the rearmost of the four "knife edges." That was also the part where cracks were found in the special inspections of other engines. In the redesign, this rearmost of the four edges is machined away. The reduction from four to three knife edges will allow extra leakage of the air flow that is supposed to be contained by the air seal, and this will mean some loss of efficiency. In addition to removing the rear knife edge, the recommended redesign calls for modifying the air duct to bring increased cooling air to that engine area.

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In Ghana, Nasty Words for the U.S. but a New Fiscal Prudence

By Scott Kraft
Los Angeles Times Service

ACCRA, Ghana—The sudden decision to ban advertisements for contraceptives here, reported recently under bold headlines in the local newspapers, was not very startling news in a country where such ads are rare.

But it was bewildering news for the United States. Washington has a \$3-million contraceptive distribution program here, one of its largest assistance projects in Ghana.

The U.S. conclusion: Ghana was once again thumbing its nose at the United States.

Officials of Ghana's revolutionary government, led by Flight Lieutenant Jerry J. Rawlings, regularly say things that annoy the State Department. Meanwhile, Ghana has plenty of nice things to say about the Libyan leader, Moammar Gadhafi, and the Soviet leader, Mikhail S. Gorbachev.

As a result, the promised \$23 million in U.S. aid this year has been whittled down to \$14 million, even as most other Western governments have increased their assistance.

"That's the price Ghans paid for kicking

us in the shins and spitting on us," one U.S. analyst said.

The U.S. contribution is a relatively small share of the foreign aid Ghana receives. But keeping the United States happy is important because Washington has a large say in World Bank decisions — and the World Bank has a large say in Ghana's economy.

Many Ghanaians and even Western diplomats cannot understand why the United States is so sensitive to what Ghana says about it. After all, the West African country has virtually no strategic importance to either East or West.

A Western diplomat said: "The U.S. takes all that stuff personally. And it shouldn't. If it could rise above that, and carry on business as usual, it'd be in a lot better shape. After all, it's just rhetoric. People here don't believe that stuff."

Rhetoric, perhaps, but it accumulates quickly. A recent front-page story in the *People's Daily Graphic* carried the headline: "Be Guided by Nicaragua, Cuban Revolutions."

It is Ghana's friendship with Libya, however, that seems to most upset the Reagan administration. Last April, Lieutenant Rawlings gave all Ghanaians a day

off and urged them to attend a rally outside the U.S. Embassy to protest the U.S. bombing raid on Libya. About 2,000 Ghanaians showed up, and an unarmed policeman and divert attention from the poor job that Lieutenant Rawlings was doing in running the country.

But last year, to the embarrassment of the United States, Ghana uncovered a CIA operation in its midst and, it was said, one of the Ghanaian operatives was murdered. Ghana was tipped off by a low-level American clerk for the CIA station in Accra passed details of the operation, including names of informants, to her Ghanaian lover, who happened to be Lieutenant Rawlings' cousin.

Eight Ghanaians were arrested in Accra on charges of spying for the CIA. The clerk, Sharon M. Scranage, and her lover, Michael Agbotui Soussou, were arrested while in the United States. Miss Scranage pleaded guilty to charges of transmitting classified information on CIA operations to Mr. Soussou, and he pleaded no contest to seeking such information from her. Both were sentenced to prison terms.

But an agreement was worked out between the two countries. Ghana agreed to allow the eight accused spies to leave the country and the United States agreed to allow Mr. Soussou to return to Ghana, although Miss Scranage remained in prison.

On a cut in U.S. aid this year: "That's the price Ghana paid for kicking us in the shins and spitting on us," a U.S. analyst said.

man trying to control the crowd was shot and killed. A government security man was arrested for the shooting.

The U.S.-Ghana troubles have their roots in the early 1980s, when Ghanaians frequently accused the Central Intelligence Agency of backing attempts to overthrow Lieutenant Rawlings.

The United States called the allegations "baseless" and speculated that they were designed to whip up anti-American senti-

ment and divert attention from the poor job that Lieutenant Rawlings was doing in running the country.

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PRAYER FOR PEACE — A Catholic priest watched as a Buddhist monk prayed at the Basilica of St. Francis in Assisi, Italy, during preparations for a day of prayers for peace set by Pope John Paul II for Monday.

ARMS: Soviet Quotes U.S. Offer

(Continued from page 1)

given by Mr. Bessmertnykh and Victor F. Karpov, head of the Soviet delegation at the Geneva arms talks. With it, Moscow stepped up its campaign to gain support for the arms control package it presented in Reykjavik.

Reiterating that Moscow is seeking U.S. agreement to abide by the 1972 Anti-Ballistic Missile Treaty, which would permit only "laboratory testing" of SDI systems, Mr. Karpov said that the Soviet position on the issue has not changed since the summit, as some U.S. officials have suggested. But Mr. Bessmertnykh added that "the main thing is that no testing whatsoever in space can be permitted."

As the two sides prepare to follow up on the Iceland discussions at the current round of the Geneva arms control talks, U.S. officials have explained again that Mr. Reagan agreed to eliminate intermediate-range missiles in Europe and a strategic accord that would scrap only ballistic missiles, leaving half of the current number of heavy bombers and other strategic weapons in place.

In rejecting this U.S. version, Mr. Bessmertnykh said that efforts were under way in Washington to "put in the mouth of the president words that he didn't say and make him take back things he did say, and thus halt the mounting move-

ment toward nuclear disarmament."

During the talks, the U.S. side at first proposed an accord by which both sides would retain heavy bombers and cruise missiles, Mr. Bessmertnykh said. Mr. Reagan said he thought that the Soviet proposal called only for scrapping ballistic missiles.

"He was told at once that this was at best a misunderstanding," Mr. Bessmertnykh said.

When Mr. Gorbachev explained that the Soviet-proposed strategic accord also applied to heavy bombers carrying cruise missiles, and all other strategic weapons, Mr. Reagan, according to the Soviet account, answered: "Apparently, we misunderstood you. But if that's what you want, all right."

"In the course of the discussions," Mr. Bessmertnykh added, "the president did not object to a wider approach, giving us to understand that he was not against the elimination by the end of the 10-year period of all nuclear devices, including bombs, battlefield weapons, cruise missiles, submarine-carried and medium-range weapons."

Mr. Reagan then told Mr. Gorbachev, the Russians said, "if we are agreed then at the end of the 10-year period all nuclear weapons are to be eliminated, we can refer this agreement to our delegations at Geneva so that we can prepare a



Alexander A. Bessmertnykh

treaty which you can sign when you visit the U.S."

White House Version

The White House repeated its position Saturday that Mr. Reagan and Mr. Gorbachev had discussed the elimination of all nuclear weapons but that the talks had never reached the stage of tentative agreement. The New York Times reported from Washington.

A senior White House official would not comment directly on the Moscow news conference.

The official said the only concrete proposal offered by Mr. Reagan was to eliminate all ballistic missiles, but not other strategic weapons such as long-range bombers and cruise missiles, in two five-year stages.

TERROR: Syria's Alleged Use of Violence as Policy

(Continued from page 1)

in Western Europe than was previously thought.

"It's pervasive, systematic and involves large networks in the Middle East and Europe," said a Western diplomat with long experience in the Middle East.

While the Libyan leader, Colonel Moammar Gadhafi, is "the flamboyant personality," he said, "Assad is the calculating, mature adult of state terrorism."

Syrian leaders have consistently denied any involvement in terrorist activities. In an interview this month in *Time* magazine, Mr. Assad accused Israeli agents of staging the aborted El Al bombing.

A number of Western and Arab anti-terrorist experts are reluctant to point a finger at Mr. Assad, an extremely cautious leader with regard to Israel, or at the Syrian leadership in general.

They argue, for example, that Mr. Assad would not have known or approved of the bombing of the El Al plane, which was about to take off with 375 passengers and crew, since it could have provoked a war with Israel.

Because Syria has developed what Western experts say is a sophisticated and selective use of terrorism that leaves few traces, it is difficult to determine the precise links between individual terrorists and a state-supported system based in Damascus.

But the Hindawi operation, some intelligence analysts say, follows a classic Syrian pattern of conducting terrorist operations.

It demonstrates how the Syrians use such things as safe houses, diplomatic pouches, Syrian planes and false passports to conduct operations abroad. According to evidence in the Hindawi trial, the evidence was carried into Britain by the crew of a Syrian Airlines jet, and Mr. Hindawi had an official "Syrian safe passport" and used a Syrian safe house in London.

In the West Berlin bombing, Mr. Hindawi's brother, Ahmed Hazi, allegedly picked up the explosives from the Syrian Embassy in East Berlin, according to the prosecutor. His trial, which is scheduled to begin soon, is expected to reveal other similarities with the El Al plan.

The Hindawi operation, analysts say, also illustrates how the Syrians hire Palestinians and Jordanians as operatives for pay, with Syrians acting only as supervisors. The picture of Mr. Hindawi that has emerged is not one of a committed Palestinian nationalist, but rather of a mercenary on the fringes of Arab society who was promised \$250,000 for getting explosives on the El Al flight.

In contrast, he reportedly said under interrogation that he reported to "the head of Syrian intelligence" and other Syrian officials,

including Lieutenant Colonel Haim Said, second in command of Syrian Air Force intelligence. Allied intelligence agencies have said Colonel Said stopped in West Berlin several times earlier this year, and some believe he may have supervised the bombing of the friendship club.

Colonel Said's superior, Brigadier General Mohamad Kholi, is close to the president and has served as air force intelligence director since Mr. Assad, a former chief of the air force, seized power 16 years ago.

While Syria links to terrorist acts in Europe are relatively recent, Western, Arab and Israeli sources say Mr. Assad has long used terrorism as a means to impose his policy on Lebanon and much of the rest of the Arab world.

Jordanian officials have accused Syria of killing Jordanian diplomats over the years. Palestine Liberation Organization leaders believe that Syria was responsible for the assassination of Yasser Arafat's chief of staff, Saad Sayer, also known as Abu Walid, who was killed near a Syrian checkpoint in Lebanon's Bekaa Valley in 1982.

It is widely believed that Syria was directly or indirectly responsible for the assassinations of the leftist Lebanese Druze leader Kamal Jumblatt in 1977 and of Bashir Gemayel, the rightist president-elect of Lebanon, in 1982.

DEATH NOTICE

Sara Gabrielle Shefler, his loving wife, Charles Edward and Lydia Shefler in Canada, their son and daughter in law, Howard Marc and Anne Shefler in Canada, their son and daughter in law, Madame Renée Gonin in Chateau-D'Oex, his mother in law and parents and friends with great regret announce the passing away of

STANLEY R. SHEFLER
on the 16th of October, 1986 in Palm Springs, California.

The ceremony will take place in Chateau-D'Oex on the 29th October at 2:15 p.m. in the temple on top of the hill.

"My beloved said to me, rise up my love, my fair one and come away. For the winter is past, the rain is over and gone. Call to me and let me hear your lovely voice and see your handsome face. Many waters cannot quench the flame of love, yes, my love, I will be with you always."

RED CROSS: Conference Expels South Africans

(Continued from page 1)

ning Red Cross activities on their territory.

"The atmosphere will be very bad from now on," an observer said. "The guts have gone out of the conference. It's a very serious blow."

The question of South Africa's presence consumed three days of noisy and often bitter debate that brought an unforeseen element of politicization into the meeting and blocked its consideration of other agenda items.

The International Red Cross conference is held every four years to review Red Cross policies and coordinate activities on a global basis, which include the all-Swiss International Committee of the Red Cross and the League of Red Cross and Red Crescent Societies, consisting of representatives of the various national societies.

The South African chief delegate, Jeremy B. Shearer, reacted angrily to the 123-25 vote, charging to the podium and slamming his delegate's badge in front of the

president of the conference, Kurt Bolliger of Switzerland. In a later statement, Mr. Shearer called the vote "a travesty of justice."

Mr. Shearer said the vote called into question the ability of the Red Cross movement "to play a neutral role in international conflicts, for it has now assumed the right to discriminate between its members."

Red Cross bylaws forbid it to enter into political discussions. But Denis Afande of Kenya, who led the move to expel South Africa, said the move was legal since Pretoria's apartheid policy ran counter to Red Cross humanitarian principles.

The U.S. delegation voted against the vote over its possible effect on limiting Red Cross work in South Africa in the future. The president of the American Red Cross, Richard F. Schunbert, said the decision could destabilize the organization. He added, "Our Red Cross movement must continue to be a body governed by law or we will be reduced to chaos as we have

so well demonstrated over the past 36 hours."

The vote on excluding South Africa perhaps its most serious crisis since its founding in 1863 by a Geneva businessman, Henri Dunant. For his efforts he won the first Nobel Peace Prize in 1901.

The vote to exclude the South African government delegates allows representatives of the South African Red Cross to remain at the meeting, in an apparent effort by opponents of apartheid to try to guarantee a continued Red Cross presence in South Africa.

Governments are attending the conference in parallel with Red Cross societies as guarantors of the rights of the international organization's conventions on visiting prisoners of war, aiding victims of war and conflict and supervising the exchange of prisoners.

African, Arab, Third World and Communist nations made up the majority total, with the 25 opposing votes coming from Western countries, including Western Europe.

The international committee aids victims of war and conflict while the league concerns itself with natural disasters and catastrophes such as drought and famines. Both organizations are considered neutral and impartial, policies that have allowed the two to function on both sides of a number of conflicts and disasters during this century.

BOMB: General Killed

(Continued from page 1)

strategy by the government to bring the paramilitary Civil Guard, the front-line force against ETA, more under civilian control.

A week ago, the government dismissed the Civil Guard's chief of staff, General Andres Casanovi, after he published an article criticizing politicians, union organizations and clandestine union organizers inside the guard.

In a police law enacted last year, the government chose to retain the military character of the force, which reports to both the defense and interior ministries. But in the last year, the government has had difficulty in getting the guard to halt purported abuses such as the torturing of ETA suspects. These abuses have fed Basque political resentment toward Madrid.

The government said Friday that it was putting the Civil Guard and the National Police, a civilian force, under a newly created secretary of state for security inside the interior Ministry to improve coordination of the campaign against ETA. Rafael Vera, a deputy secretary at the ministry, was named to the post.

The government also appointed a non-police officer for the first time to head the National Police. He is José Maria Rodriguez Colorado, who, like Mr. Roldan, is a member of Mr. Gonzalez's Socialist Party.

BRITAIN: U.K. Eavesdropping

(Continued from page 1)

Prime Minister Yitzhak Shamir of Israel hailed Britain's action, calling the fight against state-sponsored terrorism "a vital necessity for humanity everywhere," United Press International reported from Jerusalem.

There was a particular note of concern because the El Al case featured what anti-terrorist police described as one of the more confounding explosive devices — molded plastic, virtually metal-free and eluding X-ray detection.

According to trial testimony, the bomb was detected only in a final, random check by a guard suspicious of the luggage's extra weight when emptied.

Prime Minister Margaret Thatcher is sending the foreign secretary, Sir Geoffrey Howe, to Luxembourg on Monday to discuss anti-terrorist measures with the European Community.

After a wave of bombings in Paris, security agencies of the 12 members nations are cooperating in tracking 100 suspects.

The ambassador said he had never previously met Mr. Hindawi and their meeting at the embassy was an innocent matter of serving someone bearing a Syrian passport who reported an emergency.

Mrs. Thatcher's decision to let this was evolving well before the verdict, according to officials. One key factor, they said, was the interception of a letter that Mr. Hindawi had purportedly smuggled from jail two weeks after his arrest.

In it, he reportedly sought to alert Syrian officials to arrange a hostage switch for his release and made a reference to the then pending visit of Mrs. Thatcher to Israel. It was unclear what he was suggesting in the latter reference.

Another factor was a report from the West German authorities that

Mr. Hindawi's brother, Ahmed Hazi, confessed that he bombed an obscure German-Arab Friendship Society last spring after Mr. Hindawi cleared the operation in Damascus and after the explosives were supplied by way of the Syrian Embassy in East Germany.

Syria has begun informing ambassadors of countries of the Non-aligned Movement that London's action against it was aimed at supporting Israel. Reuters reported from Damascus.

Officially, Syria was supported by Libya and Iran.

In Algiers, the Foreign Ministry declared Algeria's "complete solidarity" with Syria, but announced no measures against Britain.

Prime Minister Yitzhak Shamir of Israel hailed Britain's action, calling the fight against state-sponsored terrorism "a vital necessity for humanity everywhere," United Press International reported from Jerusalem.

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ENRILE: Defense Minister Resumes Attacks on Aquino

(Continued from page 1)

Mrs. Aquino had said was on controversial appointments to local offices.

As he has in earlier remarks, Mr. Enrile presented himself Sunday as the guardian against a growing Communist insurgency. He warned that the rebels could bring their attacks into Manila and other cities.

"The day may come when we hear bombs exploding in the city," he said.

Police are investigating a recent series of small explosions in Manila.

Over the weekend, an explosion near a McDonald's restaurant injured two persons, and a rocket-propelled grenade blasted a small hole in the side of an office building that had been used by Mrs. Aquino's campaign organization.

Police said they had no leads on the explosions but were investigating the possibility that they might be linked. The armed forces chief, General Fidel V. Ramos, recently discounted the possibility that the Communists had become active in the cities.

Mr. Enrile also said Filipinos "must never allow foreigners to decide our future and our survival."

Last week, as tensions between Mr. Enrile and Mrs. Aquino rose, the U.S. ambassador, Stephen W. Bosworth, pointedly told a luncheon audience that Washington was firmly and unequivocally behind the president.

In another development, a Supreme Court justice said the court had ruled that Mrs. Aquino was the legitimate president of the Philippines, as reflected in the collective judgment of the Philippine people and in recognition by the community of nations.

Justice Andres Narvasa said the ruling came last week in response to a request for clarification over Mr. Marcos' claim to the presidency.

Mr. Enrile has raised questions about the legitimacy of Mrs. Aquino's rule, given her abolition of the 1973 constitution under which she was elected. A new draft constitution was completed last month and is expected to be put to a nationwide vote in January.

Peruvian Army Kills Rebels


The Associated Press

LIMA — Army troops killed a rebel leader and 12 other guerrillas of the radical Shining Path movement, the state news agency Andina said. Andina, identifying the rebel chief as Claudio Bellido Huanilla, said Saturday that the killings occurred Wednesday and Thursday in Vilcashuaman, 90 miles (145 kilometers) south of the town of Ayacucho.

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ADVERTISING SECTION

ADVERTISING SECTION

The Acquisitions Game: Who's Playing

In the lineup for the Big Bang, there have been more than 100 acquisitions by financial institutions in the City of London since the summer of 1982.

The victors and the vanquished, up to Sept. 1, are listed in the following table:

Table with columns: DATE, FINANCIAL INSTITUTION/BANK, STOCKBROKER (S) OR HOLDING, HOLDING. Lists various acquisitions from 1982 to 1986.



The Stock Exchange. The Stock PhotoBank

Table with columns: DATE, FINANCIAL INSTITUTION/BANK, STOCKBROKER (S) OR HOLDING, HOLDING. Continues the list of acquisitions from 1982 to 1986.

Table with columns: DATE, FINANCIAL INSTITUTION/BANK, STOCKBROKER (S) OR HOLDING, HOLDING. Continues the list of acquisitions from 1982 to 1986.

Acquisition Fever Running High



It looks more and more like financial musical chairs, but in the run-up to the Big Bang, acquisition fever has hit the City of London.

Waburg Securities, part of the Mercury International Group, the holding company for merchant bank, S.G. Waburg, is one to watch.

Advertisement for Drexel Burnham Lambert with large text: 'WHAT WE'RE BRINGING TO THE REVOLUTION.' Includes text about international capital markets and contact information.

Technology to Meet Market Demands

The echoes of the Big Bang will continue to reverberate long after Oct. 27, when stock exchange commissions in London are abolished, the separation between brokers and jobbers is done away with and screen-based quotations are introduced.

London's new banker-broker conglomerates will be pouring funds for years into dealing, ser-

vice and support systems that enable them to handle increased volumes at the highest speed and at the lowest cost.

Initial priority for the conglomerates, who have absorbed almost every leading stockbroker and jobber in the City (with the exception of the blue-blooded firm of Cazenove), has been to create new dealing rooms beading with "leading

edge" technology at a typical cost of £3 million apiece. Tens of thousands of highly paid dealers have been built up to trade across the whole range of domestic, overseas and international securities; 27 firms will become market-makers in government bonds ("gilts") and 33 domestic "equities."

But so far investment in trading

technology has been concentrated on front-office systems. This is because an essential component of the Big Bang has been the introduction of the Stock Exchange Automated Quotations (SEAQ) system. SEAQ International already provides price information for trading in 600 internationally quoted equities; after Big Bang, SEAQ will show a complete list of all market-makers in any U.K. security, together with the buying and selling prices they are quoting and the volume for which their price holds.

Consultants Coopers & Lybrand found in a pre-Big Bang survey that back-office settlement and exposure control systems lag behind the expensive information handling and deal recording systems that have been installed. The big spend on back-office computerization and on decision support systems has yet to come. One worry is that if trading volumes increase dramatically in the first few months after Oct. 27, settlement procedures may not be up to handling the business.

And such has been the rush to have front-end systems up and running that many securities houses have installed packages that they admit will have to be replaced within three years.

Information is the life-blood of the dealing room, and feeding information to dealers has absorbed most of the pre-Big Bang expenditure on technology. Receiving price quotations via SEAQ is only the beginning. Dealers need to be in touch with other price services (such as Reuters, Teletext and Quotron) to keep up-to-date on economic and political news as it happens and to have instant access to economic indicators. In all, some 200 information services are available in London.

Systems to handle these volumes of information effectively make up the biggest single item of dealing room expenditure. Dealing room managers don't want batteries of terminals on their dealers' desks; they want their dealers to gain access to information from a variety of sources through a single terminal, with as few display screens attached as possible. Dealers on their part, want to integrate data received from outside with data held "in house," and then to message this data so that it appears in a form that they can use to the best advantage.

So dealers' terminals must either be "intelligent" or at least provide access to an intelligent in-house controlling terminal — which has meant major changes in the way that information is provided. The electronic information business has been built on delivering informa-

tion in video form. With a video system, a controller installed by the information provider on the broker's premises sends pre-formatted page displays to dealers, where they are called up via a "dumb" terminal. A system of switches allows dealers to select for display pages from any of the services that are being piped in.

Video switches are a relatively inexpensive method of delivering information, but they don't allow data to be mixed and matched at dealers' desks. In one of the few instances of user-led computer development, suppliers have been coaxed to develop digital switches for London's new dealing rooms. Digital switches take "raw" data from many sources, internal and external, and manipulate it on demand to provide composite pages or streams of information to a dealer's terminal.

Piping information to City dealing rooms has brought business to U.S.-based firms such as Control Data (through its Micrograph subsidiary) and Data Logic. Even the information-providers themselves have moved into the switching business: Reuters, for instance, supplies the market through Rich, its Chicago-based subsidiary.

Once a dealer has obtained the necessary information he is in a position to do business with its opposite numbers. Here advances in technology are less dramatic. Business is still done over telephones, although British Telecom's best-selling City Business System with its touch-screen technology is a far cry from the bell and lamp of the traditional broker's desk.

Telephone systems in today's City dealing rooms will hold up to 200 numbers in memory, all of which can be accessed at the touch of a button, while the dealer is permanently connected on open lines to other dealing rooms. Conversations invariably are recorded on tape, so that in the event of subsequent dispute there can be no doubt as to what was agreed between the parties.

The big breakthrough to electronic trading — as opposed to information handling — has yet to come. One of the more surprising features of the Big Bang is that the London Stock Exchange has taken the opportunity to charge, for the first time, a fee for access to the trading floor. The Exchange plans to recoup its investment of £3 million on improved floor facilities from firms that believe small orders will best be handled by traditional techniques.

But plans to introduce a computerized automatic system next year for transacting small orders must wait while the role of the trading floor. Initially some 60 "alpha" stocks will be traded automatically with computers matching buying and selling orders; but this still leaves 500 "beta" stocks



The Old Bailey and the National Westminster Bank building.

and several thousand "gamma" grades to be traded between dealers on the floor.

It's little use having information flowing into dealers' work stations at high speed if deals are not recorded with comparable speed and accuracy, so that positions can be kept up-to-date and monitored. Here is another area where the Big Bang has accelerated technological change.

Traditionally, deal tickets have been produced manually. It seemed an obvious step in the first wave of dealing room automation to ask dealers to enter transactions on keyboards, the most common device for gaining access to a computer system. But dealers proved resistant to keyboard entry, which they said was tedious and time-consuming. As a result, the graphics tablet — first developed for Citibank's London foreign exchange dealing room — has been widely introduced. The dealer scribbles with an electronic pencil at a series of squares on a computerized grid to record each deal of his transaction. The computer industry is now working on systems for recording deals on voice entry.

With the concentration on the dealer's desk, settlement systems have lagged behind. The Stock Ex-

change itself runs a sophisticated system, Talisman, which clears and settles transactions between brokers. What has not yet caught up with the City's electronic revolution are brokers' procedures for settling with their clients.

The trouble has been compounded by the withdrawal from the market of Centre-File, the National Westminster Bank subsidiary which previously provided a computerized "bureau" service to many Stock Exchange firms. Although some firms have attempted to set up their own settlement procedures, many have had to look to other outside service providers. This in turn has meant a rush of business for two specialist firms, CCF and NMW, which will either provide packages for running on clients' in-house computers or run settlement procedures through a bureau service. In the final run up to the Big Bang, even Quaker Goldson, the family firm of Stock Exchange chairman Sir Nicholas Goldson (now owned by French bank Paribas), has its own settlement system; and then to CCF.

A major decision that every banker/broker has had to make is whether to buy an existing package or build a tailor-made system for

the new electronic market. There have been triumphs and disasters.

Major beneficiaries from the City's multi-million-pound investment in dealing rooms have been the suppliers of non-stop, fault-tolerant computers — Tandem from California and Stratus from Massachusetts, as well as a handful of software houses from both the U.K. and U.S.

A success story in the lead-up to the Big Bang has been Colt (Continuous On-Line Trading). A consortium of brokerage houses comprised of Barclays de Zoere Wedd, James Capel, Cazenove, Kleinwort Greaveson and National Westminster Investment Bank joined forces a year ago to pool their expertise and create a "core" market-making system. This runs on Stratus computers and uses American software which has been adapted by Software Sciences, the Thom EMU subsidiary, to City operations.

But the group of banker/brokers that put together the Data (Dealers On-Line Real Time Information System) consortium to construct, with the aid of software house CAP, an information-switching system, found that there just wasn't time to get up and running by the Big Bang; the participants have now had to settle for packages that already were on the market.

The next wave of investment will be in "expert systems." Expert systems use "artificial intelligence" computer programs to replace or supplement the wisdom of an experienced individual. Data Logic, for instance, offers one application which allows the chief dealer to spot trends that will lead to unbalanced positions. Another Data Logic system predicts movements in markets by assigning weights to forecasts from a variety of conventional sources — economists, dealers using intuition, external information sources and so on. By comparing past records of forecasts and outcomes, the worth of present forecasts can be assessed.

Helix, a small British software house, has developed a system to enable dealers to spot arbitrage opportunities. In a busy dealing room, where data is pouring in every second, an expert system can provide information about information faster than a human can assemble it.

Investment in these dealer support systems has another, long-term goal. Much attention has been centered on the high salaries that dealers have been able to command in the massive restructuring of London's securities market. Blinded by the urgency of the Big Bang into providing "golden helix" and "silver handcuffs," City firms are now increasing the resources they spend on expert systems. The aim is to ensure that if the puppies walk out the door at short notice, they don't take all the firm's expertise with them.

— David Jones
Technology Correspondent
Banking World



ON BUSINESS IN EGYPT..

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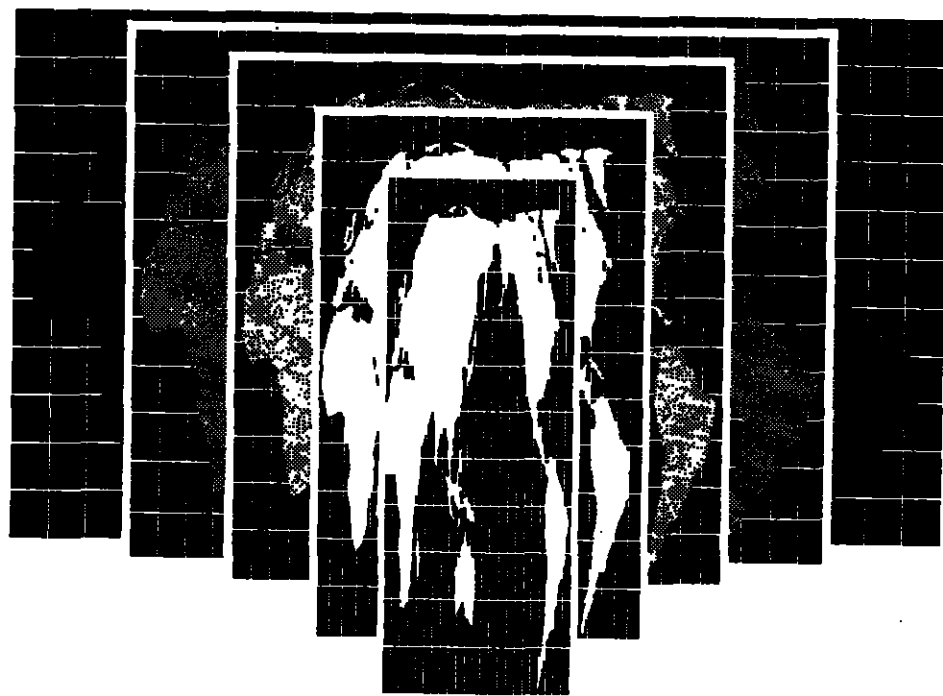


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Tokyo

When the Big Bang brings a new era to the City of London, Japanese banks will be cast in a curious dual role: part spectator and part catalyst in the creation of the new environment.

The scale of Japanese involvement in the City and the increased competition from both themselves and the Americans have been partly responsible for the need of the City to respond, with greater freedom to meet the foreign challenges caused by the liberalization. As members of the International Securities Regulatory Organization (ISRO), the Japanese have made their share of contributions in shaping the post-Oct. 27 City.

But for the banks, it is also a case of things to come in Tokyo, where banking regulations, under Article 65, still prevent a City bank from dealing in securities. All of the leading Japanese banks represented in the City have set up subsidiaries to deal in securities in order not to contravene Ministry of Finance regulations.

No one doubts that change will come to Tokyo, but in this, as in most other similar changes, the Japanese government will move only when it sees fit. At the moment, liberalization of the financial world has been moving at a rate

that many already consider too fast. Change will also come most probably only when the American market removes its own distinction between banking and dealing in securities.

The principal task for the 18 banks and their subsidiaries will be traditional Japanese watching, measuring and assessing change for reports back to their head offices in Tokyo. They do not anticipate vastly changed business in the short and medium terms, "but we welcome the opening of the market as a chance to develop new business," said a Japanese banker in London.

None of the leading Japanese banks expect that changes in the City will have much immediate effect on their operations in London or in Tokyo for that matter, but it will offer the opportunity to do London deals in Tokyo time without the necessity to pay a hefty premium, as has been the case up until now.

But no one pretends that London is about to offer an experience surpassing that in liberalized New York, offering as it will, perhaps, a tenth of the business of the American market.

The main interest of the Japanese at the moment centers on the

contents of the new Financial Services Bill and its implications before they plunge into extensive dealings in stocks. Typically cautious and conservative, at present most of them see only limited opportunities and interest in British-listed stocks.

Among those likely to benefit most from the Big Bang is Nomura Securities, which became the first Japanese member of the London Stock Exchange last spring. Nomura is far and away the biggest of the major Japanese securities firms, with Daiwa, Yamazaki and Nikko also major players.

On a world scale, Nomura and Daiwa would rank numbers two and three in terms of profits. Nomura's profits were US \$998 million last year, and Daiwa's US \$320 million, smaller than Salomon Brothers at US \$577 million but well ahead of Merrill Lynch at US \$224 million. These profits have been partly protected by the retention of fixed commissions in the Tokyo market.

Nomura is typically leading a rapid expansion of staff ready to take advantage of the Big Bang. It opened its London Office 21 years ago and now has 388 employees, of whom 26 are Japanese expatriates. Of the Britons who have joined the London branch, Sir Douglas Wain, co-chairman, is by far the most illustrious.

The firm hired 32 foreign graduates worldwide over the last year, of whom 10 came from Oxford, Cambridge and other leading Brit-

ish universities. Its need for an increased staff is clearly illustrated by the firm's rapid rise up the underwriting charts.

Ever since 1983, the Big Four have been bidding aggressively to underwrite Eurobonds issues and rapidly build up their market share. Their traditional activities include raising capital for Japanese firms, selling Japanese equities and bonds to foreigners, and selling bonds to Japanese investors. These activities have been bolstered by enormous amounts of money available at home. Last year they ended with US \$33.5 billion worth of foreign bonds, and this year that total could easily be exceeded, with Tokyo more than ever awash with loose cash looking for a home.

Since the decision by the Ministry of Finance in late 1984 to allow the issuing of yen bonds in Europe, Japanese brokers have dominated the market. Last year the Japanese took 93.6 percent of a market of almost US \$7 billion.

And the ever-increasing competition and visibility of the Japanese banks and securities houses in the London market is likely to lead to two primary results: increased pressure for liberalization in Japan so that British-based firms have greater access to the Tokyo market and, more explicitly, demands for the abolition of Article 65, both from securities houses and banks at home in Tokyo and from Japanese firms looking for more competitive choices in their financial sources.

PROFILE

N.M. Rothschild & Sons

The cost of raising money is going to come down as a result of the Big Bang. That is the view of Nicolas McAndrew, managing director of N. M. Rothschild & Sons, the merchant bank founded in 1804 by the Rothschild family. "There will be a period for some time," McAndrew said, "where we will still be unclear about what's going to be the actual result, and how much in commissions we are going to have to pay as investors."

But McAndrew saw some room for optimism in the May Day Big Bang on Wall Street in 1975, when fixed commissions were abolished. There has been an impressive increase of volume. "You could have

the same thing here in London," he said.

Yet Oct. 27 had to be regarded with caution, he said. McAndrew saw several longer-term trends emerging from deregulation which would be of importance to international investors, both institutional and private. "The most important thing will be that because commissions will be coming down in London, trading in what you might call international stocks is bound to be concentrated to an even greater extent in London, New York and Tokyo," he said. "It will be more cost-effective for an international investor to deal in a major stock — say Montedison — in London than in Milan. One would imagine that the liquidity of the local markets will lessen because a lot of dealings will take place in London. For the foreign institutional investor, channels of communication will become all-impotent."

Added to this, McAndrew said he believed that the share-dealing

PROFILE

Nicolas McAndrew

business around the world was tending to fall into the hands of the very big brokerage firms, such as Merrill Lynch, Nomura, Mercury and Barclays de Zoere Wedd. He said: "They are going to take business away from the local brokers around the world. Since I firmly believe that all these people are going to have offices in major centers, the players and methods of

doing business are going to change."

Would the Big Bang speed the creation of shareholding democracies around the world? "Not in itself," McAndrew said. "There are other things that are causing that to happen, particularly the general move towards returning assets to the private sector. That is a bad-wagon. The fact that markets are more efficient and, moreover, that you can deal 24 hours a day, will also help the trend towards privatization."

Deregulation would primarily benefit the large investor, but at the same time, McAndrew said, it was quite exciting that many more players were seeing the private sector as being interesting. Deregulation was helping to create greater market awareness for the private investor, but his best advantage resulting from the Big Bang lay in pooled vehicles, such as unit trusts, which would be helped by the ending of fixed commissions.

— John Lane



ADVERTISING SECTION

ADVERTISING SECTION

Recruitment Picture: Despite Cushy Jobs, Real Talent in Short Supply



The pace quickens outside London's Stock Exchange as the City prepares for the Big Bang.

At Cannon's Sports Club (membership \$620 a year), the golden boys of the City relax by pumping iron and sweating out client lunches on the squash court. For ladies, aerobics is all the rage. In the changing rooms and juice bar, the talk turns quickly to "pouching," "golden hells" and "cushy jobs" created by the Big Bang.

Yet for the professional intermediaries in the job market, and the end users themselves (banks and brokers) the reality is rather different. To them, the mobility of labor and the spectacular remuneration packages will find their rationale in the profits young talent will engender. The biggest worry is perhaps that the new experts will be put to the test if the much-fabled bear market develops.

Said a 30-year-old member of the stock exchange, now in a firm majority-owned by a foreign bank, "As far as I'm concerned, there has been very little benefit from our takeover. It's the market-making side — dealing and traded options — where the big money has been paid. Initially also a lot of dead wood was cleared out in the higher echelons of the partnership." And again from a computer expert working for a U.S. retail stockbroker with City ambitions: "Our outfit is throwing money about and hoping it will stick. They're very determined to bring New York techniques over here. We've increased by 10 times our space for mainframes."

Nigel Halsey, managing director of Michael Page City, is running a firm which specializes in finding people for the U.K.'s financial center — principally the City, but also the insurance sector. He said: "If you look around,

you'll find major City institutions taking really different views. Some think the people movement will slow down after the Big Bang; others, that it will increase."

For Halsey, that puts the premium on research. Michael Page City will have ready soon a unique document on salary movements and human resources based on interviews in the City. Halsey makes it his job to provide information as well as people to the users of his service. For a highly cautious analyst of the City and its manpower needs, Halsey is prepared to make few generalizations, but he believes the trend is increasingly for "salesmen to do their own research, or for researchers to do their own selling." The climate induced by the Big Bang does not encourage the generalist.

Halsey also sees a continuing bright future for top performers: "If the stars continue to produce performance which adds to a high level of profitability for the institution's performance as a whole, then institutions will want to maintain a high level of reward." But Halsey adds a caveat: "Real talent and ability is in short supply."

A remarkably sanguine view of the people market comes from the managing director of NLM Rothschild & Sons, Nicolas McAndrew: "I think remuneration will have to find its own level," he said. "People were perhaps more loyal than they are now, but there is nothing unfair about high levels of salary. You have to pay what the market can pay. You can't isolate this country from other international comparisons. Dealers have to be paid as much as their international counterparts. It is just a fact of life."

At another specialist recruitment company, Jonathan Wren International's consultants Christopher Evans and Felix Meyer-Horn work in London, but they are servicing the needs of Paris/Monaco and Benelux/West Germany, re-

spectively. For Evans, Paris to some extent follows where London leads, particularly in the capital markets area. "On the investment banking side," he said, "there is considerable interest in finding experienced portfolio managers and

experts in private banking, both in Paris and Monaco. Opportunities also exist for the graduates of top business schools who can often move quite quickly into responsible positions, say international debt swaps. In Paris what is diminishing fastest is the demand for the generalist."

Will London provide mere fodder for the financial markets of Europe? Here the answer appears to be — not to any significant degree. In some specializations, such as floating-rate notes, where the market communicates in English, a City high-flier may make a happy landing in France, but the premium appears to be on finding "local people and in exploiting the local executive market." This is especially true in the U.K.'s Channel Islands, where housing overheads are high for non-residents.

To Meyer-Horn, the European centers, particularly those in West Germany, the Benelux countries and more recently the Netherlands are becoming more closely related, due to the deregulation of financial markets. "There is a lot of mobility between these countries," he says, "but for the Englishman with no other language, opportunities only lie in a few areas such as dealing and bond trading, where the basic language is English."

But Meyer-Horn also notes that, in West Germany, initiatives in investment banking are increasingly being taken by Japanese and American banks, to the detriment of some German banks' ability to keep good people.

PROFILE

How many players can the system support and how many players does the system need? These are two questions posed by the Big Bang, said Nicholas Verey, director of Rowe & Pitman, Mullens & Co., the U.K. stockbrokers which will soon be known as Warburg Securities, following a merger with stockjobber Akroyd & Smithers. Sales to foreign investors are increasingly important to this new entity.

Verey picks out the international chord in the Big Bang's theme as having critical significance. "The Big Bang has come about as much as anything from international pressure," he said. "Most people who wanted to be major players in the securities market discovered that they needed to be well-represented in the three major time zones — London, New York and Tokyo." Verey sees this as the reason why American banks are building up their presence in London, while he is looking to build up a foothold in the United States and Japan, having been the first U.K. house in all three.

In this power game, the axes are in the hands of the U.S. invaders which, as Verey puts it, means Salomon Brothers, Merrill Lynch, Goldman Sachs and Shearson-Lehman. "We very much hope," he said, "that there will be a few U.K. securities houses in there, and that

Rowe & Pitman, Mullens & Co.



Nicholas Verey.

Mercury International (of which Warburg Securities is part) will be one of them."

Verey is not convinced that a clearing bank makes the ideal partner for an investment bank. He would hope that there will always be room for a good niche player, since Verey is wary of those institutions which purport to be "all things to all men." He said: "Take this analogy. If you go to buy a lot of things in a hypermarket, you go there and choose. When you go to buy financial services, someone has to sell them to you."

At the same time, Verey does

not believe that London can avoid a process of attrition after the Bang. "We are going to see rapid changes," he said, "and a reduction in numbers." He points immediately to the gilts market, where the Bank of England has authorized 27 primary dealers and six inter-broker dealers. In the past, there had been three jobbers. And pointing to the recent Trustee Savings Bank (TSB) issue, Verey said there will be 12 to 17 market-makers in TSB shares, whereas a year ago there would have been four to five.

Yet to Verey the end result of this process of change, in which the ending of fixed commissions is a symptom rather than a cause, would be a better service for the international investor, "be he small or medium-sized."

He said he hoped, also, that it would lead to a better understanding in the U.K. of the share acquisition habit. "If I take a taxi ride in New York and explain to the cabbie that I'm a stockbroker, the first question will be 'what stocks have you got?' In London you're likely to get a blank look." And does he fear the return of foreign exchange controls, abolished in the U.K. by the ruling Conservative government in 1979? "Give a thought to the practicalities," Verey said. "It took something like 700 people in the Bank of England to administer this system in the past."



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When you're trading round the world for 24 hours a day, it's not enough to stay wide awake. Though we do. Nor is it enough to invest in up-to-the-minute technology. Though we have. It's not even enough to pick bright people. Though we've spent years gathering the brightest bunch in the business. You have to be *at home* in all the major markets. Not just knowledgeable about them, but *familiar* with them. As members of the London and the New York Stock Exchanges, and proud owners of a licence to trade securities in Tokyo, the Kleinwort Benson Group is a

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Legal & General

The big investors, particularly the large U.K. insurance companies, are among the most visible players in the Big Bang. "For us, it will be a buyers' market," said Peter Simon, head of investment at Legal & General, "and that's just as true for the Europeans looking into the U.K. as for here at home."

Simon, who emphasizes that his views are personal, not necessarily reflecting those of his institution, sees the Big Bang and its implications as "a revolution in our City markets," adding that it is the essence of revolutions that their consequences cannot be entirely predictable.

Yet looking at the changes with the overseas investor in mind, Simon is sure that by 1990, having a major political upheaval, the individual players will be different, their number will have been cut, and there will be a greater domination by the big overseas stars. The buyers' market, which is to be the characteristic of the market after Oct. 27, may well have disappeared.

Simon also sees some dangers in the arrival of a global market. "I wouldn't bet much on shareholder loyalty from overseas investors," he said. "The predicted global market for, say, the top 50 companies will be a mixed blessing — less loyalty and faith is to be expected. Quoted companies not in the global framework ought not to feel inferior or depressed. Contemplating the changes in one's share price 24 hours a day is an unenviable activity."

In capital-raising, Simon considers that the arrival of overseas banks, together with the development of more U.K. all-rounders, has already dramatically increased the number of players advising and implementing new equity and loan issues. "Brokers and other banks are keen to join the party," he said. "This will lead to greater competitive pressures, which, coupled with continuing changes in the rules of the new issues game, will lead to greater product differentiation and questioning of long-established U.K. procedures."

On equity issues Simon said that inevitably the overseas entrants to the market will push the equity capital-raising methods with which they are familiar, partly from a desire to "do what comes naturally" and partly as an important part of their strategy of breaking into the U.K. market.

Turning to the question of how



Peter Simon.

small and medium-sized capitalization companies would fare after the Bang, Simon said that a degree of concern was justified, but it was much too soon to panic. "Leading market-makers will not let their behavior be determined entirely by horizon-line considerations," he said, adding the forecast that some market-makers would try to establish niche positions in the smaller capitalization area.

He was also equivocal on mergers and acquisitions, finding no evidence that the Bang would impact either positively or negatively on the merger and acquisition activity level. Most intermediaries of different backgrounds would, however, generate differences in the way the takeover game was played. Investment institutions such as Legal & General needed to find answers to a number of questions posed by the Big Bang. The most obvious of these relates to commission levels: to what extent should the expected cheaper dealing costs encourage fund managers to turn over their portfolios more quickly? Other more mundane considerations concerned the extent to which their technology was capable of taking full advantage of the new market dealing and information systems. Again, how were they to protect themselves against possible conflicts of interest among market-makers? Finally, would the quality of research provided on smaller capitalised companies by brokers be maintained, or would the institutions need to strengthen their own in-house first line research capacity? — John Lane

PROFILE

Savory Milln's Philosophy? Getting Out of the Office

"Securities salesman to the world": that's how one of the City's major market-makers, Savory Milln, sees his role. Specializing on the international side, Savory Milln, now part of the Canadian Royal Trust financial group, is better placed than most to face the consequences of the Big Bang. With a staff of more than 300, which has doubled in the past two years, Savory Milln has deliberately not put all its eggs in the domestic City basket.

As Simon Aldridge, international director, explains, the firm has been concentrating to a significant extent on the international scene for some time. It is very strong in France and West Germany, particularly as market-makers. "We were responsible for about 2 percent of the French market turnover and one percent of the German turnover on the Frankfurt exchange last year," said Aldridge, who spends at least three months of the year traveling the global securities circuits.

Exactly how much business the firm does is not for public consumption. "But just to give you an idea, in the last two or three days we have had 2.5 percent of the market in Singapore and 4 percent of the Australian market," Aldridge said.

The explosion of activity in the City as the traditional stockbroking firms are taken over, merged with new partners and reformed into major new security dealing houses, is happening, Aldridge said, because the big firms are going international.

"Of course, they are not here just to play in the gilt-edged market, or the domestic equity market. They are here because London is a convenient base in the right place in the right European time zone. It is the right place to expand their activities throughout Europe," he said.

The message from Aldridge is that the rest of Europe is going to have to watch out as the City spreads its tentacles. The time will come when securities dealers will begin to encroach on other marketplaces — France, Switzerland and West Germany — some of which have been rather protective in the past.

Said Aldridge: "They will sometimes find it rather uncomfortable, and things will get very much more competitive than before."

The greater internationalization of the City's activities will have a major impact on some of these markets, where there is often a considerable lack of information about the local scene. Often, bro-



Savory Milln.

kers in foreign markets don't understand the product they are selling or have enough information about some of the companies which they are representing, it is believed.

As an example, Aldridge takes France: "Often you don't get good research coming out of France. The good information about French companies comes largely from foreign brokerage firms, which is one reason why we have significant emphasis on our European research."

Technical backup and in-depth research by the 40 or so analysts in Savory Milln is one of the firm's major strengths. But the role of the researcher and analyst is going through an important change. With the sky-high salaries being paid, analysts won't have the luxury of sitting around all day writing reports.

"They have got to earn their bread and butter now," said Aldridge, who expects much more uproot activity from analysts who, in some cases, are going to have to take on the roles of salesmen for the firm.

Aldridge believes that they should get out on the road and "get a feel for some of the companies."

gnore all the time. We get input from these people which helps us assess not only the domestic security markets out there but possibly some of the ones we may be looking at here," he said.

Independence also plays a vital role in Savory Milln's eye-and-ear operations. Having deliberately courted a marriage with a non-banking partner in the strictest sense, Savory Milln feels it has an advantage over many of its competitors in being able to give a largely unbiased international view.

He quotes the case of a leading Australian insurance investment fund manager: he has just been talking to "He tells me what's going on out there and I tell him about the scene here. Then we go on to discuss Singapore, Hong Kong and Japan... At the end I ask him something about the domestic market. He may give me an insight which I would not get from another source, and he'll tell me what the institution's policy is towards the domestic market. That is not a problem for him."

All fairly basic stuff, but it is communications, the exchange of ideas and comments which is at the core of making money in international securities dealings.

Aldridge commented again: "Institutional fund managers have to run portfolios these days which have become more and more international, and they want to talk to people who can see, and have an assessment, of all the markets in which their portfolios are placed."



Simon A. Aldridge.

He has no doubt that the City is the information-gathering center for international securities dealing. Finally, he added: "And I think that the people here in London are better-placed than almost anywhere else in the world to do this job. We are the eyes and ears of the world."

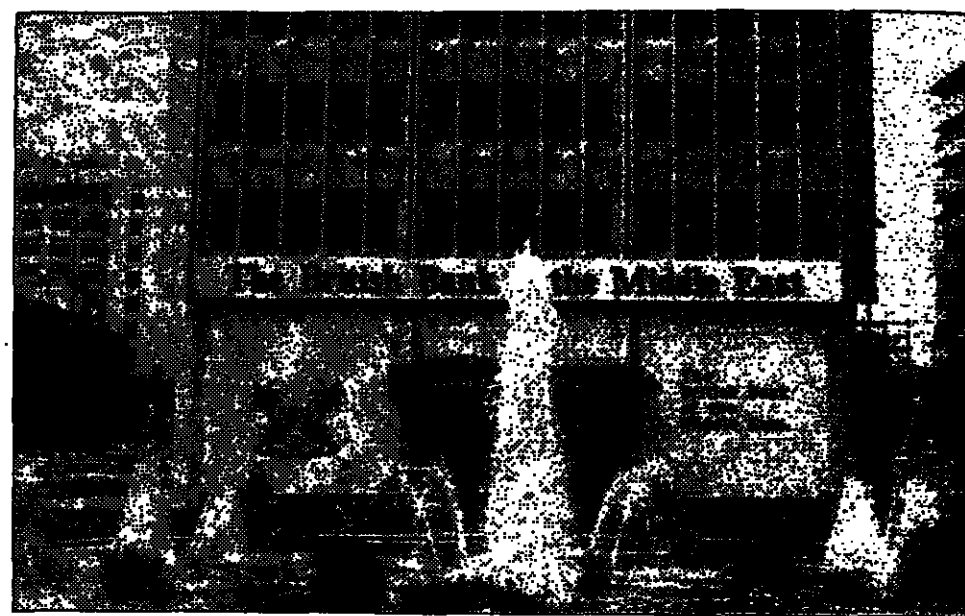
—Lee Voysey

FOREIGN BANKS IN LONDON

| Calendar Year | US | | Europe | | Japan | | Arab | | Others | | Summary | |
|---------------|-----------|-----------|-----------|------------|-----------|--------|-------|----------|-----------|------------|-----------|------------|
| | Total | Out In | Total | Out In | Total | Out In | Total | Out In | Total | Out In | Total | Out In |
| 1960 | 8 | | 27 | | 8 | | 1 | | 29 | 11 | 73 | 26 |
| 1965 | 15 | 7 | 32 | 5 | 11 | 3 | | | 40 | | 100 | 1 |
| 1966 | 15 | | 32 | | 11 | | | | 43 | 3 | 107 | 7 |
| 1967 | 16 | 1 | 35 | 3 | 11 | | | | 48 | 5 | 123 | 16 |
| 1968 | 24 | 8 | 38 | 3 | 11 | | | | 52 | 4 | 141 | 18 |
| 1969 | 32 | 8 | 44 | 6 | 11 | | | | 55 | 3 | 158 | 17 |
| 1970 | 37 | 5 | 51 | 7 | 12 | 1 | | 1 | 60 | 5 | 177 | 19 |
| 1971 | 44 | 7 | 55 | 4 | 15 | 3 | | | 64 | 4 | 197 | 20 |
| 1972 | 50 | 6 | 60 | 5 | 19 | 4 | | 1 | 67 | 3 | 223 | 26 |
| 1973 | 53 | 3 | 76 | 16 | 21 | 2 | | 2 | 72 | 5 | 254 | 32 |
| 1974 | 61 | 9 | 91 | 15 | 23 | 2 | | 1 | 79 | 2 | 280 | 34 |
| 1975 | 58 | 3 | 90 | 6 | 23 | | | | 79 | 2 | 280 | 34 |
| 1976 | 57 | 3 | 97 | 2 | 23 | | | 3 | 95 | 14 | 280 | 34 |
| 1977 | 64 | 7 | 105 | 2 | 24 | 1 | | 1 | 104 | 11 | 306 | 28 |
| 1978 | 68 | 1 | 110 | 1 | 24 | | | 5 | 113 | 2 | 331 | 29 |
| 1979 | 72 | 2 | 123 | 1 | 24 | | | 2 | 119 | 3 | 356 | 31 |
| 1980 | 71 | 2 | 141 | 3 | 24 | | | 1 | 128 | 3 | 383 | 35 |
| 1981 | 73 | 3 | 147 | 2 | 25 | 1 | | 4 | 131 | 5 | 399 | 34 |
| 1982 | 77 | 4 | 153 | 6 | 29 | 4 | | 3 | 144 | 1 | 429 | 31 |
| 1983 | 76 | 2 | 165 | 3 | 31 | 2 | | 2 | 145 | 2 | 445 | 23 |
| 1984 | 75 | 1 | 168 | 6 | 35 | 4 | | 7 | 146 | 2 | 459 | 23 |
| 1985 | 70 | 7 | 169 | 1 | 38 | 3 | | 2 | 145 | 2 | 454 | 14 |
| TOTAL | 23 | 85 | 26 | 168 | 30 | | | 2 | 25 | 139 | 76 | 457 |

These approximate figures are compiled to indicate the trend of movement of foreign banks in and out of London on a calendar-year basis (except 1965, where the five-year growth 1960-1965 is shown).
Source: Noel Alexander Associates, London.

The Gulf: Cautious Optimism



British Bank of the Middle East, Dubai.

The Big Bang in London has left many Arab banks unsure of how to react, despite the fashionable moves in Bahrain and other Middle East centers to embrace investment banking.

The exception is the Paris-based BAI Group, which in April 1985 acquired the stockbrokers Sheppards & Associates, now renamed Sheppards & Associates. Sheppards & Associates has announced that it intends to be principally an agency broker, not a U.K. market-maker.

Managing director Michael Wilson said that Sheppards' independent agency policy will make it highly competitive after the Big Bang. "We will make a market in limited international stocks, but we will also be offering expertise and, most important, impartiality in U.K. securities and gilt."

For BAI, the move followed its acquisition of the U.K. merchant bank Gray Dimes in 1983. Sheppards has now opened offices in Bahrain and New York, enabling it to fulfill its objective of moving into parts of the world where it was not previously represented. BAI will also be able to provide the expected capital increase necessary to keep pace with changes in the London market. "It was a perfect marriage of capital and brains," said a BAI spokesman in Paris.

Elsewhere in the Gulf, Wafra Investment Corp. is the main partner in a group of Kuwaiti investors which has bought a stake in the U.K. merchant bank Henry Ansbacher & Co., established in 1894. But rather than go down the acquisitions road, most of the major Arab banks established since the mid-1970s have been following a policy of reorganization to recognize the growing importance of London in the international capital markets. Arab Banking Corporation (ABC) has prepared for the Big Bang by setting up a capital markets team in London. Unlike the National Bank of Kuwait, which moved all its capital markets operations to London, ABC plans to keep its marketable securities headquarters in Bahrain. ABC's London office is headed by Peter

Siegl, senior vice-president, marketable securities.

There are 15 Middle East-owned banks which have recognized-bank status from the Bank of England in the U.K. Apart from BAI and ABC, they include: Aman-based Arab Bank; Allied Arab Bank; European Arab Bank, which is a consortium; the Iraqi state bank Rafidain; the United Bank of Kuwait; Saudi International Bank, part-owned by the Saudi Arabian Monetary Agency; Qatar National Bank; Gulf International Bank (GIB), owned by seven Gulf governments; the consortium bank UBAF; National Bank of Abu Dhabi; and three Iranian banks.

Said Saudi International Bank executive director Peter de Roos: "The recent changes in financial markets have revealed new opportunities to develop a broader range of investment banking services for our clients. The decision we have taken to reallocate resources into these areas entails investment of capital, people and systems which will only bear fruit in future years." The caution which is evident in

Saudi Bank's statement of policy, made after its 1985 results were published, reflects the current mood in the Gulf. While Arab banks are keen to do more on the securities side, and fully recognize the emergence of London as a major capital markets center, they feel obliged to keep a firm grip on their roots.

As Ghazi Abdul-Jawad, general manager of GIB, pointed out: "The Gulf region still has the largest oil reserves in the world, and good prospects in the commercial, industrial and financial fields. If oil prices and oil production are stabilized, this will give a new boost to all economic sectors in the area."

In this respect the recent moves by the Bahraini authorities to ease the burden on banks — by cutting international telecommunications charges by 15 percent and reducing staff rates on work permits — have been warmly welcomed. Said Bahrain International Bank's Gary de Meester: "Banking has become a global activity, and banks hire globally to attract the particular experience they require. In both the long- and short-term, Bahrain can only benefit from the cross-fertilization."

This comment has a cautious reaction from London recruitment specialist Jonathan Wren International, where consultant Christopher Evans cautioned: "The cumulative effect of the Big Bang may be to make it more difficult for banks in offshore centers to recruit staff because, as our Middle East experts point out, City salary levels have risen closer and closer to those being paid in the Middle East."

What the current mood in the Gulf appears to suggest is that Arab banks should not be seduced by the Big Bang. Their own markets have emerged in their own right, with even such institutions

as the Libyan Arab Foreign Bank able easily to make contact with international markets, particularly London, from politically isolated Tripoli.

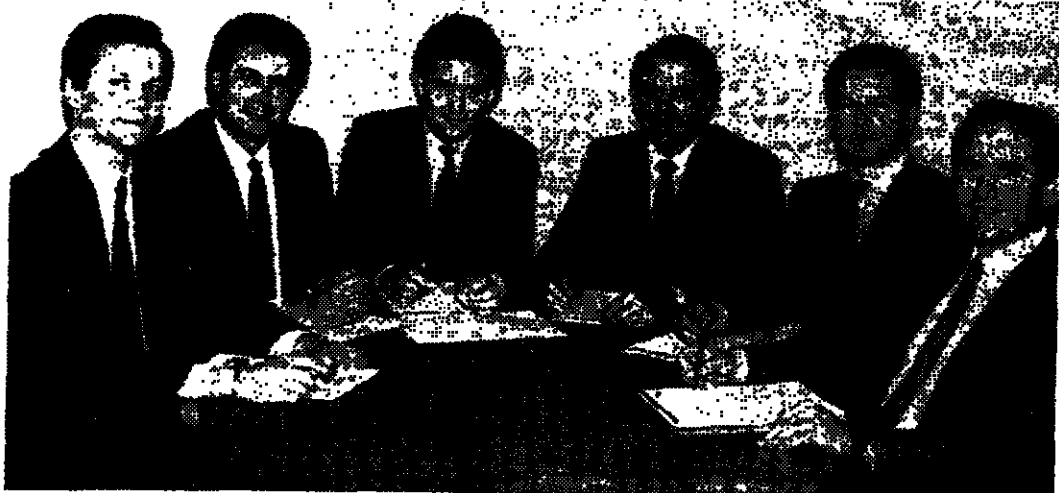
Government securities in the United States, the U.K. and West Germany have always been attractive investment channels to the oil-rich states. By the end of 1985, an estimated \$55 billion was invested in this category, around 60 percent of which was in U.S. Treasury bonds and notes.

In assessing the kind of welcome Arab institutions will find in London after the Big Bang, comments by Sir Kenneth Benell, chairman of the Securities & Investments Board (SIB) can be evaluated. "Our regulatory system will cover overseas firms as well as domestic ones," he said. "We want the market to develop whereby all the people in the Eurobond business are in one organization. We do not want to have particular sub-groups in particular parts of the world."

Given the individualistic nature of Arab banking, which relies heavily on entrepreneurial flair, this non-discriminatory policy will probably find immediate favor with Middle East banks. They are now preoccupied with putting their own domestic set-ups in order, after the sharp recession which has gripped the region since 1983.

In December in Bahrain a new stock exchange will open with a modest volume of transactions expected and no repetition of the fiasco which gripped Kuwait's unofficial stock market in 1982. The decline in commercial banking has also led many institutions to look at the consumer end of the market. As one Bahrain banker put it: "Let's teach them how to use a credit card and a checkbook first, before selling them a Eurobond."
—John Lane

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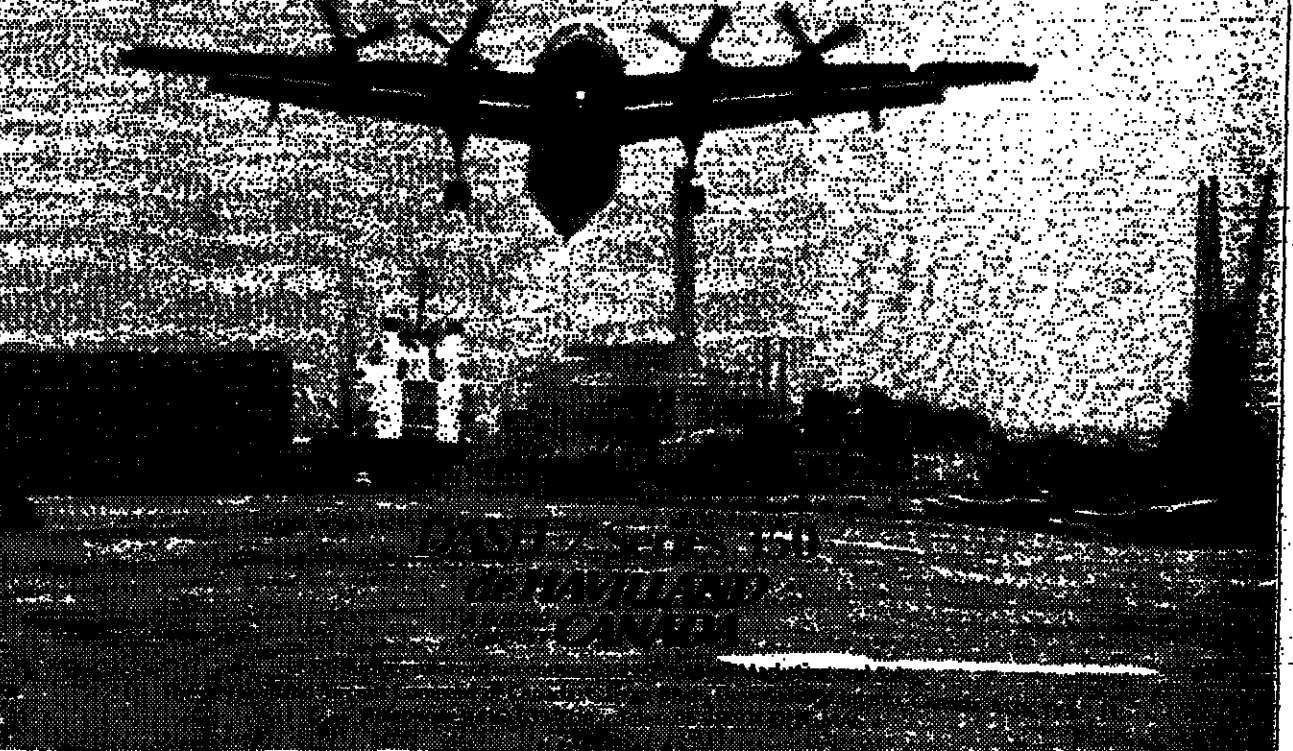
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Spirit of Renewal Hits the Docklands

Docklands is being regenerated as a working community, as well as a place for residence and leisure. Office developments are flourishing on an unprecedented scale, capped by the planned Canary Wharf scheme.

Savills is the joint agent for this. It is also handling Free Trade Zone, more typical of the mixed office/office/residential projects in the area. On completion, it will secure seven shops at ground floor level on either side of a central piazza. They will be chosen to provide maximum amenities to the estimated 1,500 residents and office workers in the 350 apartments and seven office suites targeted for next year.

Said Nick Baybutt, a partner in Savills' City office: "This is an interesting example of ancillary commercial space which is available to service the new developments. The rentals are likely to be in the region of £7,000 yearly exclusive of the retail units, and from 13 per square foot for the office suites."

About the same rental rates are expected for the Sellafield Development's newly opened refurbishment of Unity Wharf, a warehouse housing St. Vincent's Dock at Tower Bridge. The premises have been converted into 11,300 square feet of offices, and four flats facing the dock. The commercial suites combine high standards of modern office requirements while retaining the original charm, with features like exposed beams and timber pillars. It is arranged around an attractive atrium winter garden. The sole

agent for the refurbishment is Conway Reiff.

In the Docklands Enterprise Zone itself, Grant & Partners has an impressive commercial list: South Quay Plaza with 105,000 square feet, ready next March, and 140,000 square feet ready a year later; Hertsmere House, with ground floor under offer and upper floors available and ready in 1988; Great Eastern House, with 75,000 square feet for 1988; and Great Eastern Enterprise, with three separate office buildings. Grants also lists the Car-Dor Group: small business units of approximately 1,000 to 12,000 square feet, with car allowances available to purchasers.

Arguably, the most interesting commercial industrial project to the area is the Coda Business Center, Canning Town, which the international agent, Henry Burcher, is handling on behalf of the London Docklands Corporation.

The sites are being offered at realistic prices on 200-year ground leases at all rent without review, and are based on figures of £150,000 per acre. Already, 20 of the total 44 acres have been sold or reserved.

Lots are available from just over a third of an acre upwards, and reservations and sales have been taken from mixed users, ranging from point finishing companies to major construction firms, including speculative units by developers.

The total development floor space will amount to 800,000 square feet.

—Alice Saobel



Early morning on Throgmorton Street, in the heart of the City.

New York

The phrase Big Bang, once used only by scientists speculating on the origins of the planet Earth, has now entered the vernacular of the City of London. Nor can its use be dismissed as mere hype, for on Oct. 27, the U.K. securities industry will be utterly, and permanently, transformed.

The changes will not be restricted to those pin-striped chaps in bowler hats who still figure in every cartoon image of the British. Pin-stripes and bowlers, or dandies, as the Americans call them, have long faded from the City scene.

The changes are much more fundamental, and will affect the way in which the British government funds itself, as well as the shape of the global market in financial securities, which is already emerging.

In short, Big Bang is City jargon for the abolition of fixed commission charges on trading in shares and government bonds on the London Stock Exchange. This is a somewhat exotic move, perhaps, since the U.S. markets took the same step 11 years ago, on the famous May Day of 1975.

But when this change was first effectively agreed upon in London, in June 1984, it was quickly realized that the move meant a radical change in the way the markets had developed in Britain. It spelled the end of the U.K. single-capacity market system, under which members of the Exchange could either be market-makers (jobbers, in local parlance), or brokers, acting solely on behalf of clients who were either private investors or investment institutions of one kind or another.

Both jobbers and brokers saw their survival would be difficult when commissions were opened to competition, and wanted freedom to expand into each other's territory. So, after Big Bang, London will embrace 'dual capacity,' with Exchange members acting both as market-makers and brokers, as securities firms in the U.S. have always done.

The effective scrapping of fixed commission rates and single capacity threw the entire market system

into the melting pot. To make markets successfully, London brokers needed heavy capital infusions. So the Exchange agreed to incorporate corporations, rather than individuals, as members.

Because of its significance in the three-cornered global markets now developing — with New York and Tokyo providing the other two pivot points — the planned changes in London have drawn in the international players.

U.S. heavy hitters like Chase Manhattan and Citicorp, Security Pacific and American Express, with its Shearson Lehman Bros. arm, have hastened to buy firms operating in the London market. From Europe, Union Bank of Switzerland, Paribas and Credit Suisse have taken similar action. The Japanese houses, while generally more cautious, have strengthened their positions in London.

The initial result of all this activity has been highly rewarding for the traditional London market. Foreign institutions, anxious not to be left behind in the rush, paid handsomely for existing businesses, thus enriching the former partners who were then often obliged to say on and show the new owners how it all worked. They also paid wildly above existing salaries to capture the real, or fancied, experts. The term "golden handcuffs" was coined to identify the huge premiums paid to persuade employees to remain loyal. House prices rocketed in London, and indeed, for many miles around, as the golden-greasy train rolled through the City.

But even the optimists know that there will be strains beneath the smiles. In the gilt-edged, or government-bond sector, which the Bank of England, traditionally controlled by dealing with the two or three major jobbers involved, there will now be 27 hopeful new market-makers.

Can these 27 live comfortably off business that once supported only three — especially since trading commissions have become highly competitive? Probably not. Already, there has been a wild scramble for position, with one major U.S. broker said to have lost

£10 to £20 million in the gilt-edged market. Losses of that order can be tolerated by the big battalions, determined to carve out a position in the London market for U.K. and foreign government bonds. But those with smaller pockets are likely to go to the wall.

Nor will the new-style equity market be without its hazards. The London Exchange has chosen to take the route of electronic reporting of market trading information already in place in the U.S. The experience of American markets has shown, chiefly in the NASDAQ over-the-counter markets on which the new London reporting system is based, that electronic reporting can bring spectacular growth in trading levels.

London is dividing its quoted stocks into three groups — Alpha, Beta and Gamma. Alpha stocks (those of the largest companies, or the most actively traded), are likely to command the attentions of the new giant trading firms. Alpha reporting will compare with the best of the U.S. markets, with each trade reported in terms of price and bargain size within five minutes. Market-makers will be required to adjust their quotations only quickly.

But Alpha stocks comprise only 65 or so of the 3,000 stocks quoted. Reporting of trading in the Beta and Gamma stocks will lag a very long way behind the experience of U.S. investors.

All stock trades have to be reported to the Stock Exchange Automatic Quotations system, which then shows them on television screens in subscriber offices. But Beta and Gamma trades will be reported only in terms of price. The all-important turnover details, usually the most significant guide to speculative or investment interest, will not be reported in these stocks until the following day.

John Tognino, chairman of the U.S. National Securities Traders Association, and Donald Weedon, a pioneer in U.S.-negotiated commission markets, have already urged the International Securities Traders' Association to press for wider turnover disclosure in London. It is hard to see how the 2,400 or so Beta and Gamma stocks can attract significant non-U.K. interest unless more trading information is disclosed.

Whatever may be the outcome of Big Bang, it is hard to fault the air of excitement and innovation now sweeping through the City of London. For the first time in many years, London is recapturing the spirit of entrepreneurial risk-taking which once made the City the envy of the financial world. The next decade will show whether the British still have their old flair for finding the money to move mountains.

—Magda Peters

Dewe Rogerson



Roddy Dewe.

The Big Bang has underlined the importance of communications and getting the right message across to both the institutional and private investor. At 3 1/2 London Wall Buildings is the ringmaster of the Bang, Dewe Rogerson, the largest U.K. agency focusing on financial, corporate and business communications.

Inviting Roddy Dewe or Tony Carlisle into a boardroom is likely to result in rapid changes in marketing strategy. They are not interested in amassing press releases from a first-floor office. They have made communications into a boardroom function for most of the big names they are advising. Said Carlisle: "The Big Bang is a reflection of the consequences of internationalization of equity markets. It has prompted us to gain presence in the three major international capital markets. Last year we opened in New York. Now

we've got to get into Japan to complete the triangle."

So what has changed, other than the apparent willingness of major institutions and banks to upgrade their public affairs dimensions? Said Carlisle: "For many institutions, the big difference is that communications can no longer be done by one-to-one relationships. There is a wider private and institutional public to talk to, as shown by the recent takeover battles."

Carlisle sees a bright future for the unit trust industry in the U.K. as a consequence of the Big Bang. "I see considerable expansion," he said, "and out of it will come, in the mind of the public, the appreciation that there is something better that can be done with money."

Dewe also sees the Big Bang as having changed the face of the City by shattering all the old assumptions about relationships. "There are going to be opportunities to

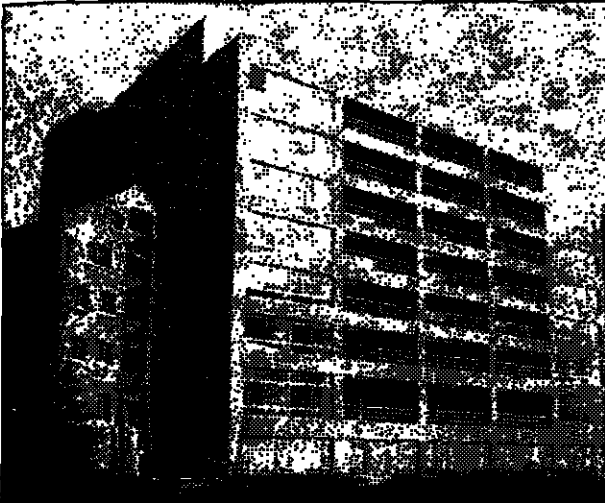
open up the one-off market to branded menu selling," he said. "A lot of people are coming in, but they will be new people." Dewe forecasts that the persona of the shareholding public will also change. "Before the British Telecom issue," he said, "the average age of an investor was 65. Today, it has dropped, and the Big Bang will make it fall even further."

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Customers Wharf, the newly launched phase of Docklands' Butlers Wharf project.

VIEW FROM Dublin

While all ears will be listening for London's 'Big Bang,' amplifiers may be needed for Dublin's 'Little Bang' as the Irish Stock Exchange looks to the future. But the floor of the exchange, with its traditional wooden desks on raised platforms, is a sharp contrast to London's high-tech scene. Only the odd video screen brings the 20th century to the ramshackle, dabby atmosphere of Dublin's Exchange, where some 70 percent of necessary bills are controlled by seven institutions handled by some four brokers.

Even so, the battle lines in Dublin are being redrawn as brokers and institutions trade partners, dancing around the checkered marble floor. Citicorp has already taken a stake in one of the largest brokerage firms, J. & E. Davy, and others are on the cards. The "golden hellos" also are being heard as salaries double and even triple in some cases.

What London does today, Dublin certainly has to do tomorrow. EEC rules state that by 1992 foreign exchange regulations must be scrapped, thus opening the market to all comers.

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Success Secret: Location

Although busy Martin Carleton Smith served 20 years as an officer in the Irish Guards, one would think he was a Marine from the way he took to the eight square miles of water-girt London Docklands. He marched in, five years ago, to the then-derelict wasteland and secured a beachhead in the best military fashion. Since then, he's seen both the area and his real estate agency explode.

Everyone's there now — in Wapping, the Isle of Dogs, the Surrey and Royal Docks and beyond — in perhaps the greatest surge of building activity since the Great Fire of London. The regeneration of such a vast metropolitan area is almost unique in the world, and the pioneers made fortunes as land and property prices soared. Currently, up to £1.5 million an acre is commanded by land that wouldn't sell for £100,000 only five years ago. Some warehouse apartments that were sold for £50,000 have risen tenfold.

Docklands has a unique attraction: the Thames. With 50 miles of water frontage, it cuts an open path through the concrete, presenting broad vistas of the Tower and Tower Bridge, Greenwich and the romantic floss and jessam of river life — tugs, droghers, cruises, an occasional floating gin palace and a stately Thames sailing barge, escorted by a flotilla of gulls and swans. But financiers aren't poets, and there is another more marketable dimension involved. Docklands enjoys three key factors that give property value: location, location, location.

In its heart, Limehouse, is three minutes from the City itself. Fleet Street is a 10-minute drive; Piccadilly, under 20. The Barbican and the M25 offer entertainment and culture a mile or two up the road. Across the river are the South Bank and Festival Hall amenities.

And that's just the starting point. The Docklands Light Railway, due for completion in 1987, will connect the Isle of Dogs with London Underground's Tower Hill station, via 11 new local stations.

A water-bus service, proposed by the Thames Water Authority, will link Greenwich with Charing Cross in a 30-minute river journey.

The STOL Airport, now under construction in the old Royal Dock, will be operational by 1987, providing frequent services to major British and European cities.

A third Dartford tunnel is planned by contractors Mowlem at a cost of £200 million. The East London Crossing is proposed just east of Greenwich, for opening in the mid-1990s to link with the M25 orbital motorway.

At the peak of high-tech, London's Telecom is situated in Dock-

lands, providing earth satellite stations for British Telecom and Mercury Communications together with a comprehensive fiber-optic network into the City.

With the Square Mile bursting its seams and the Big Bang increasing the pressure, it is no wonder that Docklands has become a City annex and seems set to develop into a self-contained financial center in its own right, with a mass of new offices.

The Canary Wharf scheme alone, now obtaining final approval, proposes up to 12 million square feet of office space for financial and trading organizations. Thanks to modern technology, it will operate worldwide on a 24-hour-a-day basis, and so stimulate further demand for executives to live locally.

The wealthiest of them will seek the prime warehouse conversions, aimed initially at media people and artistically inclined professionals but now full of ambitious executives. A lucky few might acquire one of the few original period properties, once the home of sea captains and ship chandlers. Most will find a berth in one of two dozen new developments.

A typical one is the Anchor Beehive, a conversion by Clarke Homes featuring offices, a wine bar and 62 residential units in a spectacular rebuilding project inside a listed "shell." The one-bedroom penthouse, with views of the Tower Bridge, is available for £200,000. A glamorous section, The Boilershouse, is crowned by a triplex four-bedroom, 3,000-square-foot penthouse. Cost? £1 million.

Adjoining the now world-famous St. Katharine's Dock, Brassey's scheme at Tower Bridge Wharf is selling space with one-bedroom flats from £18,000 and two-rooms from £265,000. All have balconies and direct views over Tower Bridge and the Thames. They incorporate numerous luxury fixtures and fittings, fully fitted kitchens and bathrooms, independent gas-fired central heating and underground car parking. A three-bedroom penthouse is tagged at £480,000.

Further up the luxury ladder in Narrow Street — Dockland's Park Lane — is Keeper Wharf. Ideally situated, it commands remarkable panoramic views over the City skyline to the West and to the hills at Greenwich to the East. Altogether, on completion, it will offer 16 spacious apartments and no fewer than eight penthouses beginning with prices starting at £355,000.

A bargain among warehouse conversions schemes is Eagle Wharf, adjacent to Tower Bridge. It will comprise 11 apartments,



Unity Wharf, one of the residential developments at the Docklands.

including two elegant penthouse suites, at \$97,500 to \$275,000. Buyers are invited to lock in at these prices with a 10 percent deposit six months ahead of completion. It's an offer hard to refuse; comparable property has shown 50 percent growth in the past year.

Carleton Smith, with partner Sarah Shelley, has observed a lot of speculation and hype and wonders whether the current level of demand can be sustained. The indications are that it can, which is why Bainslow Eves and the glossy Chestertons and Savills have opened local agencies this year to compete for a share of the market. Debenham Tewson & Chinnocks covers the scene from its City office, Keith Cardle Groves from Mayfair, and W.A. Ellis from Knightsbridge.

From the Chestertons office, manager Paul Austin reports exceptional interest in Clippers Quay and Jameson Harbor on the Isle of Dogs, and Gun Place and Towerside in Wapping. "At present we are advising on three large, new schemes, all warehouse conversions which will be available from the end of 1987."

The Chestertons portfolio of apartments covers Lloyd Wharf, Gun Wharf, Jameson Harbor and Limehouse Wharf. The top choice, at £425,000, is an elegant Georgian townhouse at The Pheasant.

As Docklands' leading leasing agent, Chestertons also claims considerable activity in the rental market. "Expansions are keen investors, prepared to accept rental returns of 6 percent knowing that the capital growth of the property is in the region of 30 percent to 35 percent per annum," said Austin.

DTC's Peter Beutwhite said he's never known such high-velocity sales. "As sole agents for Chrysalis Properties on the river, we sold 14 of 16 new townhouses in a flash at £235,000 apiece."

Keith Cardle Groves emphasizes that it is still possible to buy basic small one-bedroom units from £50,000; double that if there is a river or dock view with mooring, said the agency's Stuart Lawson. "At Clippers Quay on Millwall Dock, Isle of Dogs, we are offering a choice of one-bedroom flats with moorings at approximately £100,000 and a superb two-bedroom at £155,000."

Thinking of moving to Docklands?

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Only a week or two ago, Keith Cardle Groves, with W.A. Ellis, launched Cannon Wharf on the south bank near Tower Bridge. All studios and one-bedroom flats at £27,500 to £115,000 were immediately reserved. Two- and three-bedroom flats are still available at up to £325,000, and the stunning eight-floor penthouse is available for a price somewhat over £500,000, according to Ellis's Mack MacKenzie Chatterton.

Cannon Wharf is the launchpad of the great Butler's Wharf scheme, under the chairmanship of master designer Sir Terence Conran, and encompassing some 13 acres. Within three years, this will provide a mixture of residential, retail and office accommodation; a hotel, museum, restaurants and a riverside walk and facilities for court and water sports — the most comprehensively developed area of Docklands. Chief executive Roger Pennocker is even actively seeking to attract an appropriate school to create a balanced community for family living.

Dominic Grace, partner in charge of the Savills Docklands office, comments: "The most distinctive thing about this location is that there are very few period houses and no 'mansion' blocks. The market is basically restricted to either very recently constructed (since 1982) houses and flats or conversions of large Victorian warehouses, and this has led to almost two separate market places. The warehouse conversions tend to be 'up-market'. The modern properties, aimed at the cheaper end of the market, provide local housing in accordance with the convenience of Docklands adjoining the City and who are seeking alternative accommodation away from the classic Victorian terraced house."

Wares, for one, is providing this. At Jameson Harbor, it is 75 percent through its sales program, with one-bedroom flats from £59,000; two bedrooms from £113,000 and four-bedroom houses from £172,000. Jameson Harbor offers a tranquil setting around one of the old basins on the newly fashionable Isle of Dogs, and residents enjoy the exclusive right to moorings.

Wares' Carolyn McQuitty commented: "Buyers now come from all sectors: from the existing local market, to those working in the City wishing to be nearer their

place of work, to the overseas buyer who now sees the possibility of a good investment."

Barnet, craving for the same market, offers Gun Place, the second phase of its Gun Wharf conversion of a listed tea warehouse. The price range of the 73 studios, one- and two-bedroom apartments and penthouses, many with balconies and river views, is £52,500 to £395,000. Facilities include high security, underground car parking, roof gardens, lifts and audio-visual entry phones.

Gun Place is adjacent to St. Katharine's Dock, with Tower Bridge, the Tower of London and several famous riverside pubs and restaurants nearby.

Vogans Mill is Roseburgh Corporation's first acquisition in the Docklands, a flour mill overlooking St. Saviour's Dock. Roseburgh plans to provide in excess of 36 flats and 3,000 square feet of office space. The intentions are to retain the Dockland features of the building, which will include original oak timber columns within the flats, balconies overlooking the river, landscaped central courtyards and spacious entrance halls, and a tower with luxury penthouses.

The newly arrived Bainslow Eves has rapidly established an impressive portfolio of real estate. Its star instruction is Compass Point, a terrace of 20 four- and five-bedroom homes from £125,000 to £215,000, the latter for a prime waterfront site. Perhaps the busiest agency in Docklands is E.A. Shaw, with a mass of resales and new build houses such as Berkeley House's Homeselydown Square, which it represents jointly with Clinson Scott. This is a substantial block of Victorian warehouses in Shad Thames next to Tower Bridge, being converted to a handsome complex of paved piazzas, shops, offices and apartments.

Eagle Wharf is the first stage, offering 11 apartments (including two stunning penthouses) at \$97,500 to \$275,000. St. Saviour's Wharf, with apartments at around the same price levels, has been carefully sited and converted.

Fast making a mark in Paris & Quirk, an agency with a parent branch in Tunbridge Wells. Matthew Quirk opened the Docklands office less than two years ago. Just east of the Isle of Dogs, it comprises 313 units, from £37,000 for a studio, up to £170,000 for a four-bedroom detached house. Paris & Quirk is busy on the rental front, too, collecting \$125 a week for one-bedroom flats, \$180 for a three-bedroom.

— Alec Shubel

VIEW FROM Paris: Long-Term Questions

As far as French brokers are concerned, London's Big Bang has already happened. Commissions on foreign stocks have been negotiable for over a year now, the rush into European stocks has taken place and the big U.S. houses have already moved in. The ending of fixed commissions on U.K. share transactions may force brokers to look for more business, but the major groups with European ambitions are already in place. As Jonathan Gandy of Ducats Duval remarked: "Five years ago, there was only one jobber in London who had a market in French shares. Now there are at least three or four."

So far, most of the increased trading in French shares resulting from the fall in the dollar has been done through the Paris house. But as the head of the French stockbrokers association, Xavier Dupont, admitted, there is a real danger that some of the business in leading French stocks could be transferred to London. "Leading London houses certainly have their eye on the top 100 or 200 European shares," he said. "With their research capabilities and market-making potential, they could reduce continental houses to being little more than provincial exchanges."

For the moment, France's 45 trading firms are not too worried. They may not have the same resources as their London counterparts, but they have the advantage of being on the spot. Institutional investors now find more confidence about the Paris market, but it remains a volatile and difficult one. When it comes to commissions, French ones remain very low, at only 0.5% — made possible by the monopoly that brokers enjoy on all transactions made in France. And in its modest way the Paris stock exchange is also adapting itself. "We are not that far from our own Big Bang," claimed one French civil servant. This positive response is summed up by Dupont: "More competition can only mean more business."

So for the moment the French are cashing in on an increased interest in European stock accompa-

nying the decline in the dollar. French banks, which are free to sell stocks outside France, are developing their London operations. Crédit Commercial de France (CCF) has just acquired an 80 percent stake in Laurence Prust, a London broker with 75 staffers which specializes in U.K. stocks. The merchant bank Paribas has bought 29.9 percent of Quiler Goodison, only to find that 18 of its analysts have quit to form a company of their own, Ark Securities, with which Banque Nationale de Paris (BNP) has made an agreement. BNP is already planning to move most of its capital markets department — 100 out of 140 — to London next February.

Finally, Société Générale, which set up Société Générale Merchant Bank in 1971, has acquired a minority stake in Strauss Turbulla. The French bank already has a joint venture with this company in the Eurobond field, but it insists that it has no plans for the moment of taking over the company.

French brokers have responded by beefing up their research capacities and developing their international marketing. Since the beginning of the year, the number of staff has risen to 4,400 from 3,800. There has been no sharp increase in salaries as the increased business has insured healthy bonuses. Traditionally, most investment research is done within the banks, much of it for internal purposes, but now at least a dozen broking houses have their own analysts. Traditionally banks have also been responsible for getting most of the business, but in recent years brokers have become much more active. A greater effort is being made to develop international business, with six houses teaming up to form a U.S. marketing arm, Interfinance, and houses like Chevreux/Anbonyeau/Labouret/Olivier, and Legend/Legrand maintaining close contact with London.

The longer-term outlook, however, is not so bright for the French broking community. For the moment they have managed to keep their monopoly over French trading. French banks even have to pay

them a commission when they transfer shares from one portfolio to another, or when they negotiate big blocks of shares. They have also succeeded in maintaining fixed commissions, even if these commissions are lower than they were in London. But the pressures are growing for a Big Bang in Paris as well.

The main pressure for change comes from the banks which already have the best research capabilities, are responsible for getting most of the orders and are well-placed internationally. They resent having to pay commissions on the business they generate and would like a slice of the action. Brokers retort that trading is a specialized business and that if banks were allowed in, there might be conflicts of interest.

The banks have already won some concessions. Kickbacks payable to banks by the brokers are now negotiable in the case of big orders, and in the recently created financial futures market, MATIF, banks have been allowed to trade alongside the brokers.

Much will depend on how the Paris market evolves. Until now French prices are fixed in a centralized manner on the basis of the number of buying and selling orders at any one time. There is virtually no bidding function in Paris. This system means that brokers do not incur any risks (except in the event of the default of a client) and substantial capital resources are not needed. But such a system does make for a very volatile market which tends to frighten off institutional investors.

During the next year or two, international investors will be able to choose between buying French shares from London houses which make markets in these stocks, or acquiring them in Paris through French brokers under the Paris system. If London succeeds in capturing this business, Paris may have to consider the same market system as used in London and New York, at least for its leading shares. Then the banks would certainly have to move in.

— Michael Parrott

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Technology, some feel, will make a mockery of stock exchange regulatory systems unless they respond rapidly to the changes resulting from the Big Bang. "I'm already driving a Mack truck through the United States regulations," said Anthony B. Greayer, deputy chief executive of Hoare Govett, one of the American banking group Security Pacific.

Hoare Govett is mounting an international securities effort aimed at both U.K. and foreign clients. To Greayer, the advent of the high-tech Stock Exchange revolution in London was a key factor in the U.K.'s growing role in international capital markets. "Technology is creating a bridge over the classic geographic boundaries," he said. "That sort of pressure will force the U.S. regulators to change some of their rules which have existed since the Crash of the 1920s."

Indeed, Greayer believes that unless Congress acts, the U.S. financial markets will be the losers. Although there may come a point when the pendulum of deregulation will swing "too far," the pres-

sure is inescapable. In Europe, the momentum of deregulation was being maintained even by left-of-center governments. A further benefit of high-tech, he said, had been the opportunity for mega-companies around the world to be traded equally in the three major markets — London, the U.S. and Tokyo. Although he equities it was true that each traditional stock exchange had its own peculiar settlement process, more thought would now be given to coordinating procedures.

With the U.K.'s opposition Labor Party recently having debated the City with a view to adopting provisions which would once again restrict the free movement of capital, was the City under any threat? Said Greayer: "It would be very difficult to reverse the process. Business would be damaged. The U.K. economy is very dependent on invisible earnings. There is no question now that as a result of deregulation in London, the major international investment banks and institutional investors regard London as one of the three centers of the international capital markets."

Given that Greayer regards the process as irreversible, the next step will be the recognition by the key regulators around the world of each other as having sufficient legal force to have reciprocal arrangements. "We will move to a position," he said, "where if an institution is recognized in the U.K., it will be reciprocal arrangement be recognized in the U.S." He then takes this a stage further. "If an issue comes out under the authority of the London Stock Exchange, the prospectus will be recognized by other exchanges around the world."

Greayer appears to regard with some relief the fact that trading is becoming more international. Computerized dealing lends itself to global dealing, he said, pointing out the similarities between the new London electronic price display and recording system SEAQ and NASDAQ, the electronic over-the-counter market in the U.S. And what makes this international process an irreversible force? "If someone in the U.S. wants to deal with Hoare Govett in London, I can give him an 800 number (free phone) to call," said Greayer, "or he could have an interactive pad on his desk and do it from there."

Anthony B. Greayer.

Handwritten note in top right corner: "Handwritten note in top right corner"

EUROBONDS

Banks Moving In as Takers of Paper They Underwrite

By CARL GEWIRTZ International Herald Tribune

PARIS — Is the Eurobond market losing its client base of institutional investors? "The idea is laughable," a trader at Chase Manhattan chuckled, "given the increasing volume of the market. The market is indeed expanding, with issues launched in the first nine months of this year being 43 percent above the year-earlier period, following a 67 percent increase in each of the previous two years. But a substantial portion of this is being taken up by the institutional banking community, the underwriters of the bond issues, for their own portfolios.

At least 15 percent of the net total marketed in the first half was held by banks.

The banks' traditional business, making loans, is not the only sector it used to be. Corporate customers and traditional sovereign borrowers are increasingly bypassing banks and borrowing directly from the capital markets. That leaves banks scrambling to find ways to profitably deploy their deposits, thus buying the paper they underwrite.

Throughout the first half of 1986, banks appear at times to have held substantial amounts of securities of the issues which they had underwritten, the Bank of International Settlements stated in its just-released quarterly report on international banking.

Exactly how much they hold is unclear. Although the Basel-based institution is a clearing house for such data, all of the statistics reported to the BIS do not include these statistics. In any event, the BIS figures show that a minimum of 15 percent, or 12 billion, of the net total of international bond issues (after subtracting redemptions and repurchases of existing issues) marketed during the first six months were held by banks. In the previous half, the figure was almost 20 percent.

The experts who produce these figures emphasize that the numbers represent the bare minimum of banks' holdings of international securities and, in the view of one expert, "are not significant." The reported numbers have been rising sharply since 1982, the year the debt crisis erupted and syndicated bank lending peaked.

AS THE BANKS move into the Eurobond market as takers of paper, some institutional investors say they are moving out. "There has been a significant shift away from the Eurobond market to domestic bond markets," says a manager of fixed-income portfolios at investment manager at Mercury Warburg Investment Management in London. "A percentage of assets under management, Eurobonds are decreasing.

"This does not mean that we are withdrawing from the Eurobond market," he said. "But it is a fact that there is a distinct tendency to diversify into domestic markets. Domestic bond markets were opened to international investors in 1984 when the United States, and subsequently most other major financial centers, removed the withholding tax on interest payments paid to nonresidents, putting domestic issues on the same tax-free basis that Eurobond's issues had always offered.

"The trend is definitely there," said a managing director at Salomon Brothers, "particularly with the larger portfolio managers." That view, although echoed in other European centers, is not universally shared.

At Credit Suisse First Boston, the London-based merchant bank that annually lead manages more new issues than any other bank in the Eurobond market, executives say that "it's not a trend we're seeing at all."

Of the two dozen telephone interviews with leading underwriters and large institutional investors, a large majority challenged the view that Eurobonds were losing favor.

"I'm surprised by the nature of the question," said the manager of the official reserves of one European central bank. "I'm not aware of any such fundamental shift." His comment summed up the majority opinion.

The Bundesbank, for example, noted that there has been no dramatic shift in foreign buying of Deutsche-mark bonds since the lifting of the withholding tax.

Nonresidents' net purchases of domestic bonds totaled 36 billion DM through the first seven months of this year compared to 12 billion Euro-DM bonds, a 3-to-1 ratio unchanged from last year.

However, the figures do show that the percentage of net foreign DM bond buying directed to the domestic market is increasing. For all of last year, 31 percent of the total net foreign buying was in Eurobonds, compared with 25 percent during the first seven months of this year.

BIS Says Banks Cut Exposure To Third World

By Carl Gewirtz International Herald Tribune

PARIS — Although international banks have lent about \$15 billion to the major debt-stricken developing countries since the end of 1983, loans actually on the books of the

INTERNATIONAL CREDIT

banks have dropped by \$2.3 billion, the Bank for International Settlements reports in its regular quarterly analysis of market developments.

The decline could be explained in part by banks writing off some of the debt as uncollectable, and also in part by sales of the debt — at sharp discounts from face value — to nonbank entities or as swaps for their own accounts. In such cases the debt is used to finance an investment in the debtor country.

The official strategy for coping with the debt crisis calls for commercial banks to increase their exposure to the distressed countries by 2.5 percent a year. The BIS, which has continually highlighted the absence of any resumption of spontaneous new lending to problem countries, simply observes that during the same period — end-1983 to mid-1986 — banks increased their lending by \$35 billion to the nonproblem countries in the rest of the world.

In the first six months of this year, lending to Latin America is down \$2.3 billion — all of which occurred in the first quarter. Lending in Africa is down \$500 million. In Asia, lending is down \$1.8 billion, but this appeared to be a decision by the countries to pay down debt rather than any reluctance by lenders since the decline was concentrated in China, Malaysia and Thailand, none of which has very large external debts to the banks.

Although the BIS data shows that overall lending by international banks rose \$30 billion in the second quarter, only \$5 billion of this went to borrowers outside the major industrialized countries. Eastern Europe got the lion's share of \$2.8 billion, of which all but \$400 million went to the Soviet Union.

(The Soviet Union is seeking to raise \$300 million and causing some controversy by the proposed terms, its lowest ever. These are a margin of 14 point over the London interbank offered rate for the first five years and 14 point over Libor for the final three years. While banks are very liquid and hungry for new business, lending officials voice considerable reluctance to accept such low terms, especially since the Soviet Union is expected to remain a large borrower.)

Lending to nonbank clients in See BANKS, Page 21

Gilt Dealers Brace for Opening Gun As 'Big Bang' Explodes, Profit Is Only a Hope

By Steve Lehr New York Times Service

LONDON — In the new order of London finance that begins Monday with the so-called "Big Bang," the arena of greatest change and most intense rivalry is likely to be the market for British government bonds.

Even before the opening gun, dealers tended to describe the coming competition in terms like "blood-letting" and "carnage," while profitability seems more a hope than an expectation.

"It will be cutthroat," said Robin T. Fox, vice chairman of the merchant banker Kleinwort Benson Ltd.

Such views, however, are held by the relative optimists: voices within the ranks of the 27 firms that have decided to become primary dealers in British government bonds, or "gilt." Others decided against joining the suddenly crowded field, which previously was dominated by two market-making firms.

The gilt market is an invitation to cut each other to shreds," noted A. Gary Klesch, chairman of Citicorp Securities Ltd., a London-based investment bank.

The hot competition anticipated in the gilt market is a byproduct not only of the burst of deregulation in London, but of global trends in finance.

Of the 27 approved primary dealers in government securities, 14 are backed by foreign parents, mostly American firms including Salomon Brothers Inc., Merrill Lynch & Co., Goldman Sachs & Co. and Citicorp.

Primary dealers are those who can buy government bonds directly from the Bank of England. The British government's drive to jettison a host of securities-industry restrictions has allowed outsiders, including foreigners, to enter the fray. The big international firms are attracted to the gilt market not so much for itself, but for how it fits into the developing global market for bonds.

Rising international investment and the growing sophistication of financial techniques in recent years has increased the opportunities for capitalizing on differences in interest rates and on expectations for the debt markets of various nations.

The sophisticated techniques, such as currency hedging and yields through a series of intricate transactions.

Because British government bonds represent the third-largest Treasury market in the world after the United States and Japan, most of the big American debt traders felt it was a market they had to enter once it became open to them.

"We look at the gilt market from an international perspective," said Christopher Dark, sales manager for gilt-edged securities at Salomon Brothers in London. "For us, this is not a tactical move to try to exploit a particular market. And we probably won't make a lot of money on gilts alone."



Eddie Pelc, a consultant, replacing telephones with trading computers on the floor of the London exchange.

swaps, have added to the appeal of these arbitrage maneuvers, which typically seek higher

London's Big Bang A New Financial Era

Ninth in a series of articles to appear periodically.

Fixed commissions on securities trading will be abolished Monday, and dealers expect that 90 percent of the trades in the gilt market will be transacted with no commission charge as a result.

The dealers will make most of their money by reading the market moves accurately or through sophisticated hedging and arbitrage transactions.

Significantly, executives at the big British firms tend to focus on guessing right on market shifts, with profits coming from the resulting rise of the value of the bonds in their portfolios. The American firms, however, typically stress global arbitrage maneuvers.

The two views appear to raise questions about how well the British firms, which will become risk-taking principals Monday, understand the nature of the riskier areas they are about to enter.

"Buying big blocks of bonds and hoping the market turns your way is a license to lose money on gilts alone."

Fiat Unveils Bid To Merge Alfa With Lancia Unit

Compiled by Our Staff From Dispatches

TURIN — Fiat SpA has offered to merge the Italian government-owned automaker Alfa Romeo SpA with Fiat's Lancia division to form one of Europe's largest builders of quality cars.

The Fiat group's managing director, Cesare Romiti, gave details of the offer Saturday at a news conference. He said Fiat, Italy's largest private industrial concern, was prepared to spend 5 trillion lire (\$3.57 billion) in the next five years on improving the merged company's model range.

Fiat wants a majority stake in the company and complete control of management immediately, with the option of complete ownership by 1991, Mr. Romiti said.

Ford Motor Co., which has also bid for the unprofitable Alfa Romeo, has given Alfa's parent company, Finmeccanica, until Nov. 7 to decide on its offer.

Mr. Romiti said Fiat's proposal, under which it would hold at least 51 percent of the new company, was valid until the end of November.

He said Fiat would take a larger stake from the outset if Finmeccanica wanted it to, and Finmeccanica would have an option to sell the rest of its holding within five years.

Financial details of Ford's offer, made at the beginning of the month, have been kept confidential, but Italian news reports say Ford was willing to take a 20-percent interest in Alfa, which it would raise to 51 percent in three years.

Fiat has said it would raise Alfa's annual car output from about 180,000 to 400,000. It has indicated that after 1987, it would take responsibility for Alfa's debts, corresponding with its stake in the company. Alfa's medium- and long-term debt amounted to 1.8 trillion lire at the end of last year.

Earlier this month, Ford's chairman, Donald E. Petersen, visited Rome to meet with Prime Minister Bettino Craxi and other officials about the sale of Alfa, which must be approved by the government.

As soon as Ford announced its offer, Fiat said that it had offered to acquire control of Alfa as part of a reorganization plan. Political support for a Fiat counterbid has grown steadily since Fiat said it would try to improve on Ford's offer.

Mr. Romiti said Fiat planned to reorganize Alfa's entire model range by 1990, by which time the merged company would be producing about 620,000 cars a year, enabling it to compete with Daimler-Benz AG of West Germany, Europe's leading maker of quality cars.

The proposed company would spearhead a drive by the Fiat group to re-enter the highly competitive U.S. market for quality cars. By 1990, the Alfa-Lancia unit would aim to export 60,000 cars annually to the United States.

Mr. Romiti estimated that the entire cost to Fiat of the project, which would be mainly internally financed by the new company, would be about 8 trillion lire.

The merged company would develop two separate ranges of cars maintaining the distinctive characteristics of Alfa Romeo, which has a sporty image, and of Lancia, which has a more sedate styling, Mr. Romiti said.

Alfa Romeo's output would be raised within five years to 325,000 units, and production of Lancia cars would be boosted to 265,000 from 220,000. A further 35,000 cars would be accounted for by a passenger van and light commercial vehicles to be jointly developed with Fiat.

Fiat has also offered to meet any initial operating losses incurred by the new company, which was forecast to achieve sales of about 8 trillion lire within five years.

Indonesia Drops 59 Tariffs In Drive to Boost Investment

By Endy Bayuni Reuters

JAKARTA — Indonesia has abolished import tariffs on 59 products in a major drive to improve exports and investment.

Economy Minister Ali Wardhana said Saturday after meeting with President Suharto that a new deregulation package would include lower tariffs on numerous imported products, the abolition of some import restrictions and easier credit for foreign investors.

The decision follows a 31-percent devaluation of the rupiah last month to avoid a major balance of payments crisis in the face of the slump in world oil prices.

Oil and gas traditionally have provided Indonesia, the only Asian member of the Organization of Petroleum Exporting Countries, with 70 percent of its export earnings.

Mr. Wardhana said import tariffs have been abolished on 59 items ranging from raw materials to parts and components for industries. The previous import tariffs on the items had ranged from 5 to 30 percent.

He said tariffs on 94 other products had been reduced to 5 percent from a range of 10 to 40 percent.

Investor Perelman, Amassing Shares In Transworld, Now Has 15% Stake

New York Times Service

NEW YORK — Ronald O. Perelman, the New York investor who took control of Revlon Inc. last year, has been amassing Transworld Corp. stock in recent weeks and now owns about 15 percent of its shares outstanding, the company has disclosed.

Transworld, the owner of Hilton International, Spartan Food Systems and Canteen Corp., said Friday that it had no other information regarding the acquisition of the stock. Wall Street sources said Transworld was recently contacted "indirectly" by someone familiar with Mr. Perelman's actions, although the company has still not been able to ascertain his intentions.

Speculators assumed that Mr. Perelman would try to take over Transworld, which was split from Trans World Airlines Inc. in 1983. Transworld's stock gained \$4.375 Friday, to \$39.375, on a hefty volume of 5.5 million shares on the New York Stock Exchange.

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Last Week's Markets

All figures are as of close of trading Friday

Table with columns for Week, Indexes, Money Rates, and other market indicators. Includes data for US Index, US 100, US 30, etc.

Currency Rates

Table with columns for Year, Rate, and other currency indicators. Includes data for US Dollar, Swiss Franc, etc.

Other Dollar Values

Table with columns for Country, Rate, and other dollar value indicators. Includes data for Canada, Mexico, etc.

السوق العالمية

New Eurobond Issues

Compiled by Laurence Desvillettes from information supplied by European bond traders.

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, Price end week, Terms. Includes sections for ATING RATE NOTES, ID-COUPON, and LIBY-LINKED.

Bonds Get A Lift From GNP Report

United Press International NEW YORK — Bond prices were helped last week by a report of modest third-quarter growth in the U.S. economy and continued consumer price stability, analysts said.

U.S. CREDIT

range early in the week, but then snapped back," said Henry Kaufman, Salomon Brothers Inc.'s chief economist.

"Bullish sentiment received reinforcement from reports of modest third-quarter growth in gross national product."

The Commerce Department estimated Wednesday that GNP, the country's total output of goods and services, grew by a 2.4-percent annual rate in the third quarter.

Also last week, the Labor Department reported that consumer prices rose a modest 0.3 percent in September.

Government bond prices paced other markets with gains of 1/2 to 1 1/2 points, Salomon Brothers said.

The Treasury announced that it plans to auction \$7 billion of seven-year notes on Tuesday.

The Treasury's 30-year bond, the 7 1/2-percent coupon that matures in 2016, closed Friday at 94 (7.77 percent yield), up from 93 1/4 a week earlier.

In the mortgage market, the benchmark Government National Mortgage Association securities improved by 3/4 point.

Corporate bond prices rose 3/4 to 1 point, Salomon Brothers said.

U.S. Consumer Rates Oct. 26 5.8% President's Service 3.1% New England Bonds 3.1%

WORLD STOCKS IN REVIEW / Via Agence France-Press

Amsterdam

Prices on the Amsterdam stock exchange declined last week in sluggish trading.

The ANP-CBS General Index dipped to 272.7 from 275 the previous week. Volume declined slightly from 3.826 billion guilders to 3.822 billion.

Drezel Burbanck Lambert announced that it had applied for membership on the exchange, with operations scheduled to begin Jan. 1. The firm will become the first U.S. brokerage house to have direct access to the Amsterdam exchange.

Declines early in the week reflected weaknesses of the British pound and the dollar. Sentiment subsequently improved, except for Royal Dutch after publication by Shell of figures showing a 64 percent drop in net earnings for the third quarter.

Stockbrokers Kempen & Co. said market activity was not expected to improve significantly before publication of third-quarter results of other Dutch internationalists in the first week of November.

Frankfurt

After a lengthy period of uncertainty, share prices on the Frankfurt stock exchange surged ahead last week, with the Commerzbank index climbing 18.4 points to 1,968.4.

Major purchases, from both West German and foreign investors, were attributed to the rise of the dollar above 2 Deutsche marks.

Volume was 1.844 billion DM, up from 1.609 billion the previous week.

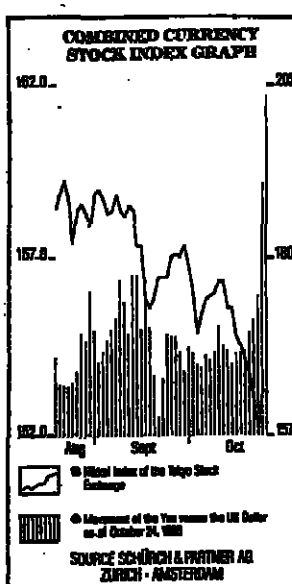
With the exception of banks, still depressed by commitments to the real estate group Neue Heimat, saddled with debts amounting to 17 billion DM, most blue-chip shares made strong gains.

In the automobile sector, Daimler-Benz moved up 37 DM to 1,230, Volkswagen gained 16 DM to 480, and BMW lost 5 to finish at 584.

Siemens and AEG were up 7.50 and 19.50 DM, respectively. Schering, among pharmaceuticals, registered an increase of 23.50 DM to 623.

Hong Kong

Prices resumed climbing last week as renewed interest from foreign institutional investors boosted the Hang Seng index to 2,286.07 points, up 51.18 points from a week earlier.



Milan

Trading dropped off sharply on the Milan bourse, and prices were down slightly from the previous week.

The index closed 0.51 percentage points down on the previous week's close, although trading volume was almost halved, averaging around 35 million shares a day, compared with 65 million the previous week.

Montedison yielded all its gains of the previous week, closing down 5.08 percent. Iniziativa lost more than 4 percent.

Strong performers were Generali, up 1.75 percent, and Fiat, up 1.14 percent, as it announced details of its takeover bid for the government-owned Alfa Romeo. The Ferruzzi group's Sile-Genova advanced 5.3 percent.

Paris

French shares gained more than 3 percent, reversing a decline the previous week and limiting losses during the October trading period, which ended Tuesday, to less than 2 percent.

The CAC index moved up to 383.1 on Friday from 370.5 a week earlier.

The market overcame declines Monday and Tuesday to gain 1 percent on Wednesday, with Les Presses de la Cité, Perrier and Bouygues all especially well-supported.

The recovery continued Thursday and the index then surged 7.6 points on Friday in line with a strong finish on Wall Street the previous day and in response to lower French interest rates.

Investors believe the government will try to avoid measures that could depress the market in the next few weeks before the denationalization of France's leading industrial group, Saint-Gobain.

Volume figures were unobtainable because of a technical breakdown Friday.

Singapore

The Singapore stock market saw a cautious week of trading as buyers and sellers awaited the Malaysian budget Friday.

The Straits Times industrial index finished slightly lower at 901.74. But the SES all-share index gained 3.16 points to settle at 279.24 as a result of double-digit gains by plantation and mining stocks.

Average daily volume was moderate at 25.3 million units, compared with 30.5 million units the previous week.

Attention was on Malaysian stocks and prices rose in anticipation of a stimulatory budget. Mining and plantation issues attracted interest on Friday, in anticipation of incentives for this sector in the Malaysian budget.

Sealion hotels moved up from third position to top the active list for the week with a turnover of 8.55 million units. It closed at 70 Singapore cents for a gain of 2 cents.

Tokyo

Prices on the Tokyo Stock Exchange continued to slide last week, despite a record single-day rise Thursday on the 225-stock Nikkei average.

The Nikkei average, which lost 948.89 yen the previous week, gave up 537.54 yen, closing after Saturday's half-day session at 16,163.80 yen.

The wider-based TSE index was off 51.71 points, finishing at 1,343.64.

On Wednesday the Nikkei average plunged below 16,000 yen for the first time since May 22, marking a 16-percent loss since the record high of 18,936.24 yen on Aug. 20.

Most institutional and corporate investors continued to remain on the sidelines because of the uncertainty of market prospects, brokers said. But they suddenly returned to the market on Thursday as they thought the major issues had lost enough ground, and the Nikkei gained 488.72.

Zurich

Trading was hesitant on the Zurich stock exchange last week, except for a slight pickup on Friday.

The featureless trading was reflected in the Credit Suisse index, which closed the week at 533.9 points, against 532.3 the previous Friday.

Dealers said trading was likely to remain cautious this week because the recovery in the value of the dollar is uncertain.

Banks lost ground, led by Société de Banque Suisse, which fell 7 points to 530. Finance companies did better, as Oerlikon-Bührle nominal shares gained 38 points to finish at 368.

Industrials were also irregular. Brown, Boveri added 45 to close at 1,595, but Fischer lost 10 to 1,940.

Mexico Optimistic on Mideast Loans

ANAMA, Bahrain — A senior Mexican government official has expressed optimism after a meeting with Middle Eastern bankers that the region will contribute to a billion rescue package.

by the 500 other banks that are lenders to Mexico. The IMF has said that about 90 percent of those banks must agree to the package by the end of October, but Mr. Gurria said Saturday it would be difficult to secure funds that quickly.

Accord With Argentina Mexico and Argentina have signed an accord to bolster commercial and industrial ties and speed Latin America's economic integration, Reuters reported from Buenos Aires.

EUROBONDS: Banks Take Growing Share of Paper

of active management, eliminating any worry about credit risk providing maximum liquidity, it means sacrificing some current income, for Eurobonds usually more than domestic government issues. But that is viewed as a price to pay for the more liquidity of those markets.

The liquidity of the secondary market historically has been a sore point, and leading market makers themselves lament that it still is not as good as it should or could be.

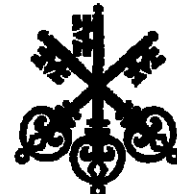
USX Sells Steel Facilities PITTSBURGH — USX Corp. announced Friday that eight U.S. Steel Supply Division facilities in the western United States have been sold to Metra Steel, a division of Schmitz Steel Products Co. of Portland, Oregon. The price was not disclosed.



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International Bond Prices

| Ant | Security | % | Mat | Price | Yield | Yield |
|-----|-----------------------|-----|---------|--------|-------|-------|
| | | | | Mid | Low | High |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |

| Ant | Security | % | Mat | Price | Yield | Yield |
|-----|-----------------------|-----|---------|--------|-------|-------|
| | | | | Mid | Low | High |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |

| Ant | Security | % | Mat | Price | Yield | Yield |
|-----|-----------------------|-----|---------|--------|-------|-------|
| | | | | Mid | Low | High |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |

| Ant | Security | % | Mat | Price | Yield | Yield |
|-----|-----------------------|-----|---------|--------|-------|-------|
| | | | | Mid | Low | High |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |

NASDAQ National List

OTC consolidated trading for week ended Friday, Oct. 23

| Sales in | 100s | High | Low | Last | Chg |
|----------|------|--------|-------|-------|-------|
| AA Top | 100 | 100.00 | 99.00 | 99.50 | -0.50 |
| AA Top | 100 | 100.00 | 99.00 | 99.50 | -0.50 |
| AA Top | 100 | 100.00 | 99.00 | 99.50 | -0.50 |
| AA Top | 100 | 100.00 | 99.00 | 99.50 | -0.50 |
| AA Top | 100 | 100.00 | 99.00 | 99.50 | -0.50 |

French Francs

Ant Security % Mat Price Yield Yield

| Ant | Security | % | Mat | Price | Yield | Yield |
|-----|-----------------------|-----|---------|--------|-------|-------|
| | | | | Mid | Low | High |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |

Norwegian Kroner

Ant Security % Mat Price Yield Yield

| Ant | Security | % | Mat | Price | Yield | Yield |
|-----|-----------------------|-----|---------|--------|-------|-------|
| | | | | Mid | Low | High |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |

Japanese Yen

Ant Security % Mat Price Yield Yield

| Ant | Security | % | Mat | Price | Yield | Yield |
|-----|-----------------------|-----|---------|--------|-------|-------|
| | | | | Mid | Low | High |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |

U.S. \$100,000,000
National Westminster Finance B.V.
 (Incorporated in The Netherlands with limited liability)
Guaranteed Floating Rate Capital Notes 1992
 Convertible until 1986 into 10 per cent. Guaranteed Capital Bonds 1992

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 27 October, 1986 to 27 April, 1987 the Notes will carry an Interest Rate of 6 1/4% per annum. The interest payable on the relevant interest payment date, 27 April, 1987 against Coupon No. 13 will be U.S. \$157.99. The Conversion Interest Amount applicable to Notes which have been presented for conversion will be U.S. \$5.56 per U.S. \$5,000 Note and this will be payable on 31 October, 1986.

By The Chase Manhattan Bank, N.A., London
 Agent Bank

| Ant | Security | % | Mat | Price | Yield | Yield |
|-----|-----------------------|-----|---------|--------|-------|-------|
| | | | | Mid | Low | High |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |

Pounds Sterling

Ant Security % Mat Price Yield Yield


| Ant | Security | % | Mat | Price | Yield | Yield |
|-----|-----------------------|-----|---------|--------|-------|-------|
| | | | | Mid | Low | High |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |

Zero-Coupons

Ant Security % Mat Price Yield Yield

| Ant | Security | % | Mat | Price | Yield | Yield |
|-----|-----------------------|-----|---------|--------|-------|-------|
| | | | | Mid | Low | High |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |

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 Cable: MIDBAN

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 Telex: 320222
 Cable: MIDBAN

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 Cable: MIDBAN

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| Ant | Security | % | Mat | Price | Yield | Yield |
|-----|-----------------------|-----|---------|--------|-------|-------|
| | | | | Mid | Low | High |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |

Euromarts At a Glance

Source: Luxembourg Stock Exchange

European Yields

| U.S. \$ left hand | Oct. 22 | Oct. 15 |
|-----------------------------|---------|---------|
| Public issues, 8 yrs & over | 6.8 | 6.8 |
| Public issues, 5 yrs & over | 6.2 | 6.2 |
| Industrial, 5 yrs & over | 6.2 | 6.2 |
| Industrial, 3 yrs & over | 5.8 | 5.8 |
| Govt, 5 yrs & over | 6.0 | 6.0 |
| Govt, 3 yrs & over | 5.8 | 5.8 |
| Govt, 1 yr | 5.8 | 5.8 |
| Govt, 6 mos | 5.8 | 5.8 |
| Govt, 3 mos | 5.8 | 5.8 |
| Govt, 1 mo | 5.8 | 5.8 |

Weekly Sales

| Estimate | Actual | Change |
|-----------|--------|--------|
| Strategic | 21.5 | 0.2 |
| Convert. | 1.0 | 0.0 |
| FRN | 1.0 | 0.0 |
| ECU | 1.0 | 0.0 |
| Total | 23.5 | 0.2 |

Libor Rates

| U.S. | 1 month | 3 month | 6 month | 1 year |
|------------------------|---------|---------|---------|--------|
| London | 4.0 | 4.0 | 4.0 | 4.0 |
| Frankfurt | 4.0 | 4.0 | 4.0 | 4.0 |
| Paris | 4.0 | 4.0 | 4.0 | 4.0 |
| Brussels | 4.0 | 4.0 | 4.0 | 4.0 |
| Amsterdam | 4.0 | 4.0 | 4.0 | 4.0 |
| Geneva | 4.0 | 4.0 | 4.0 | 4.0 |
| Zurich | 4.0 | 4.0 | 4.0 | 4.0 |
| Basel | 4.0 | 4.0 | 4.0 | 4.0 |
| Madrid | 4.0 | 4.0 | 4.0 | 4.0 |
| Barcelona | 4.0 | 4.0 | 4.0 | 4.0 |
| Valencia | 4.0 | 4.0 | 4.0 | 4.0 |
| Seville | 4.0 | 4.0 | 4.0 | 4.0 |
| Bilbao | 4.0 | 4.0 | 4.0 | 4.0 |
| Burgos | 4.0 | 4.0 | 4.0 | 4.0 |
| León | 4.0 | 4.0 | 4.0 | 4.0 |
| Salamanca | 4.0 | 4.0 | 4.0 | 4.0 |
| Tordesillas | 4.0 | 4.0 | 4.0 | 4.0 |
| Valladolid | 4.0 | 4.0 | 4.0 | 4.0 |
| Vigo | 4.0 | 4.0 | 4.0 | 4.0 |
| A Coruña | 4.0 | 4.0 | 4.0 | 4.0 |
| Lugo | 4.0 | 4.0 | 4.0 | 4.0 |
| Ourense | 4.0 | 4.0 | 4.0 | 4.0 |
| Pontevedra | 4.0 | 4.0 | 4.0 | 4.0 |
| Santiago de Compostela | 4.0 | 4.0 | 4.0 | 4.0 |
| La Coruña | 4.0 | 4.0 | 4.0 | 4.0 |
| Vizcaya | 4.0 | 4.0 | 4.0 | 4.0 |
| Álava | 4.0 | 4.0 | 4.0 | 4.0 |
| Bizkaia | 4.0 | 4.0 | 4.0 | 4.0 |
| Gipuzkoa | 4.0 | 4.0 | 4.0 | 4.0 |
| Navarra | 4.0 | 4.0 | 4.0 | 4.0 |
| La Rioja | 4.0 | 4.0 | 4.0 | 4.0 |
| Castilla y León | 4.0 | 4.0 | 4.0 | 4.0 |
| Castilla-La Mancha | 4.0 | 4.0 | 4.0 | 4.0 |
| Extremadura | 4.0 | 4.0 | 4.0 | 4.0 |
| Galicia | 4.0 | 4.0 | 4.0 | 4.0 |
| Canarias | 4.0 | 4.0 | 4.0 | 4.0 |
| Cataluña | 4.0 | 4.0 | 4.0 | 4.0 |
| Comunitat Valenciana | 4.0 | 4.0 | 4.0 | 4.0 |
| Comunitat Balears | 4.0 | 4.0 | 4.0 | 4.0 |
| País Valencià | 4.0 | 4.0 | 4.0 | 4.0 |
| Illes Balears | 4.0 | 4.0 | 4.0 | 4.0 |
| País Valencià | 4.0 | 4.0 | 4.0 | 4.0 |
| Illes Balears | 4.0 | 4.0 | 4.0 | 4.0 |

Convertible Bonds

Ant Security % Mat Price Yield Yield

| Ant | Security | % | Mat | Price | Yield | Yield |
|-----|-----------------------|-----|---------|--------|-------|-------|
| | | | | Mid | Low | High |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |
| 88 | 2000 Euro Invest Bank | 100 | 10/1/87 | 100.00 | 11.50 | 11.50 |

Canadian Dollars

Ant Security % Mat Price Yield Yield

| Ant | Security | % | Mat | Price | Yield | Yield |
|-----|-------------------------|---|-----|-------|-------|-------|
| | | | | Mid | Low | High |
| 88 | 2000 Euro Invest Bank</ | | | | | |

السوق العالمية

NASDAQ National Market

OTC Consolidated trading for week ended Friday, Oct. 23

Table with columns: Sales, High, Low, Close, Net. Multiple columns of stock data.

Table with columns: Sales, High, Low, Close, Net. Multiple columns of stock data.

Table with columns: Sales, High, Low, Close, Net. Multiple columns of stock data.

Table with columns: Sales, High, Low, Close, Net. Multiple columns of stock data.

Treasury Bonds

Table with columns: Maturity, Bid, Ask, Yield, Wt. Avg. Yield.

SELECTED U.S.A./O.T.C. QUOTATIONS

Table with columns: Company, Bid, Ask.



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NASDAQ National Market

OTC Consolidated trading for week ended Friday.

| Sales in 100s | High | Low | Close | Chg | Vol |
|---------------|------|------|-------|-----|-----|
| AA | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAA | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAB | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAC | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAD | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAE | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAF | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAG | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAH | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAI | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAJ | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAK | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAL | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAM | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAN | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAO | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAP | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAQ | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAR | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAS | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAT | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAU | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAV | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAW | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAX | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAY | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AAAZ | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AABA | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AABB | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AABC | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AABD | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AABE | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AABF | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AABG | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AABH | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AABI | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AABJ | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AABK | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AABL | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AABM | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AABN | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AABO | 1.00 | 1.00 | 1.00 | 0 | 100 |
| AABP | 1.00 | 1.00 | 1.00 | 0 | 100 |
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Among U.S. business magazines, there is only one leader.

You probably already know that Business Week International is the leader in cost efficiency in reaching Chief and Senior Executives in Europe and Asia.

Now, we want you to know that, in America, the unfortunate leader is Business Week, Not Forbes, Not Fortune.

Business Week.

One look at the chart on the right shows you that Business Week dominates the other U.S. business magazines by every meaningful measurement.

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In fact, no matter how you feed these questions into your computer, Business Week emerges as the most effective advertising medium in the business magazine field. We give you more timeliness, better efficiencies, greater reach, more geographic options, more circulation.

So when you advertise in the U.S., the world's largest market for goods and services, go with the leader.

| COMPARISON CHART | | | |
|-------------------------|---------------|-----------|-----------|
| | BUSINESS WEEK | FORBES | FORTUNE |
| N.A. CIRCULATION | 788,210 | 729,623 | 626,258 |
| TOTAL READERS | 7,513,000 | 2,938,000 | 3,624,000 |
| < | | | |

Market Linkage Portends Regulatory Problems

By Peter Behr... LONDON — Investors in... Europe and Asia... a new way that will connect... and banking centers... the world.

But if U.S. regulators suspect... that the trade was the work of an... insider trader or a market manipulator... they will have a longer and... more difficult trail to follow to... learn the truth, says Michael D....

U.K. Brokers... est Merger of... range, IRSO

DON — Opposition to the... a merger of the London... Exchange and the Interna-... tional Regulatory Organi-... zation has been voiced by some... client stockbrokers, market...

1,400 members of the Lon-... Exchange are scheduled to vote... on the plan, which requires... approval. IRSO is the... body for 187 securities...

There is a danger that trading... will flow through these linkages... into markets where standards of... protection are weaker, he said.

That would work to the detriment... of U.S. exchanges, where the... regulatory safeguards are strongest... The SEC's chairman, John S.R....

The London Stock Exchange, for... instance, does not provide the... safeguards found on the New York... Stock Exchange to prevent a "bear...

An offer to buy 100 shares of... International Business Machines... Corp. will look the same in New... York or London, scribbled on a...

Today, the global securities... market resembles a quilt in which... clearly distinct markets are stitched... together through various linkages...

There is a danger that trading... will flow through these linkages... into markets where standards of... protection are weaker, he said.

American Exchange Options

Figures as of close of trading Friday, Oct. 23

Table with columns for Call, Put, and various stock options like IBM, GE, etc.

Chicago Exchange Options

Figures as of close of trading Friday, Oct. 23

Table with columns for Call, Put, and various stock options like IBM, GE, etc.

BANG: Dealers Brace for Monday

(Continued from first finance page) Texaco corporate bonds. After... swaps and hedging, the end... product was a sterling-denominated...

But many firms say much the... same. In fact, the sum of all the... market-share forecasts of the gilt...

The big U.S. Treasury market... with \$1 trillion in bonds outstand-... ing at the end of last year, changes...

How drastically the field of pri-... mary dealers will be winnowed is... uncertain. "We think it will come...

The number of survivors will be... determined partly by how much... trading increases and how quickly...

Conversely, investment bankers... can sometimes create "synthetic... sterling" for British investors with...

For example, Salomon Brothers... started last August with three-year...

Reuters Offers \$92 Million To Acquire All of Instinet

NEW YORK — Reuters Hold-... ings PLC, the large British finan-... cial news and information service...

Reuters requested a response to... its offer by Thursday. In a brief... statement, Instinet said its direc-...

Reuters already owns 800,000, or... about 6.6 percent, of Instinet's 12... million common shares outstand-...

Reuters announced separately... an agreement with the Tokyo Stock... Exchange to obtain current price...

Mr. Renfrew also noted that In-... stinet had a loss of \$1.53 million on... revenue of \$11.4 million in the first...

Reuters acquired its 6.6-percent... stake in Instinet in April following... approval by Instinet's stockhold-...

"The gilt market... is an invitation to... cut each other to... shreds."

—A. Gary Klesch... chairman of Quadrex... Securities Ltd.

BANKS: Cut in Third World Loans

(Continued from first finance page) The major industrialized countries... amounted to about \$14 billion, of...

A notable feature of the second-... quarter's activity was what the BIS... called an "unusually high expan-...

The 27 firms approved as pri-... mary dealers in gilts are: Aitken Campbell Gilts Ltd.;...

Lloyds Merchant Bank; Messel... Gilts Ltd.; Morgan Grenfell Gov-... ernment Securities; Morgan Guaranty...

Overall, the BIS estimated that... \$137 billion was raised in the inter-... national credit and capital markets...

Activity in the syndicated loan... markets remains subdued with \$13... billion of financing during the first...

Chicago Exchange Options

Figures as of close of trading Friday, Oct. 23

Table with columns for Call, Put, and various stock options like IBM, GE, etc.

Chicago Exchange Options

Figures as of close of trading Friday, Oct. 23

Table with columns for Call, Put, and various stock options like IBM, GE, etc.

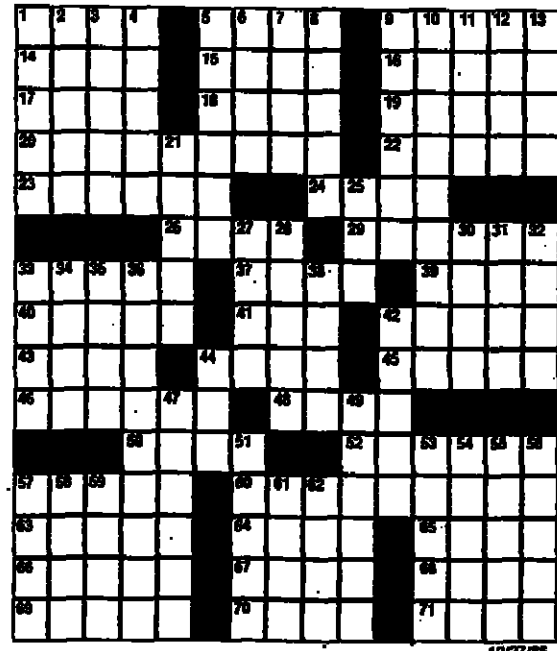
Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Table with columns for Revenue, Profit, and various companies like Avirex, L'Oréal, etc.

Advertisement for Longines Conquest VHP watch, featuring an image of the watch and text: 'The Daily Source for International Investors. Conquest VHP Very High Precision'.

SPORTS



ACROSS

1 Move briskly
5 Rhyme scheme
9 Absolute
14 Lose a lap
15 Fish-eating insect
16 Prize money
17 Actor Dixon
18 Tedious
19 Rhine punicle
20 Rotate
22 Like some needs
23 Jubilant
24 Gobs
25 Woven fabric
29 Succeeding
33 Be middle-
37 - de force
39 Concept, to
40 City W of St. Louis
41 Hockey's Bobby
42 Wks wearily
43 "... prepared - for my steps": Psalm 57
44 Early 1900's art call
45 Tears apart
46 Conditional release
48 Otherwise

DOWN

1 No longer fresh
2 Emulator
3 Important
4 Japanese port
5 Refers indirectly to
6 Ill-mannered person
7 City on the Rhine
8 Feeling of dread
9 Cause disorder
10 Subway entrance device
11 British streetcar

12 Being: Lat. England
13 Be at ease
21 City near Phoenix
25 Broadcast
27 Greek portico
28 Throng
30 - Thanl, Thai province
31 Actor Roger from London
32 Loch of monster fame
33 Blow
34 Zola novel
35 River to the Baltic
36 Not in due order of succession
38 Soviet river
42 Fourth Estate
44 Retreat
47 Vaulted
49 S. C. river
51 Blizzards
53 Detecting apparatus
54 Dodge
55 Theatrical entertainment
56 Cornered
57 Amateur radio operators
58 Poorly proportioned
59 Liquor flavoring
61 Swedish seaport
62 Curling site

© New York Times, edited by Eugene Melnick.

SPORTS BRIEFS

French Rugbymen Beat Romanians, 20-3

BUCHAREST (Combined Dispatches) — The Northern Hemisphere's international rugby season opened on Saturday with France beating Romania, 20-3. Romania plays Ireland in Dublin next Saturday, then France hosts New Zealand in Toulouse on Nov. 8 and in Nantes on Nov. 15.

Lopsided domination of the scrums and slick finishing, despite the slippery conditions, led to tries by Marc Andrieu, the left wing, Serge Blanco, the fullback, and Philippe Berot, the right wing. It was the first time that France had managed three tries in Bucharest since the first French visit here, in 1938.

With two penalty goals and the conversion of his own try, Berot totaled 12 points in his first international match. Virgil Nastase, a flyhalf, accounted for all of Romania's points with a penalty goal in the second half. (AFP, IHT)

Cypriot Soccer Team Suspended in Europe

ZURICH (Reuters) — Apollonia soccer team of Cyprus has been suspended from European club competitions for two seasons after failing to turn up for a match against Beşiktaş Istanbul last Wednesday, the European Soccer Union, UEFA, announced Sunday.

The club will also be fined 4,000 Swiss francs (\$2,500) and must pay the costs of delegates, referees and lineemen sent to the match, UEFA said. The Turkish club automatically advanced to the quarterfinals of the European champions cup.

Apoll, under apparent pressure from the Cypriot government, told UEFA last Sunday it would not play the first leg, second round match.

Crenshaw Has 3d-Round Lead in Texas Golf

SAN ANTONIO, Texas (AP) — Ben Crenshaw fired a 6-under-par 64 Sunday and established a one-shot lead over Payne Stewart after three rounds of the \$1-million Vantage golf tournament. Crenshaw stood at 196, with the final round of the rain-delayed tournament scheduled for later in the day.

On Friday, Lee Trevino disqualified himself for signing an incorrect scorecard and Tom Watson did the same for inadvertently changing putters during play.

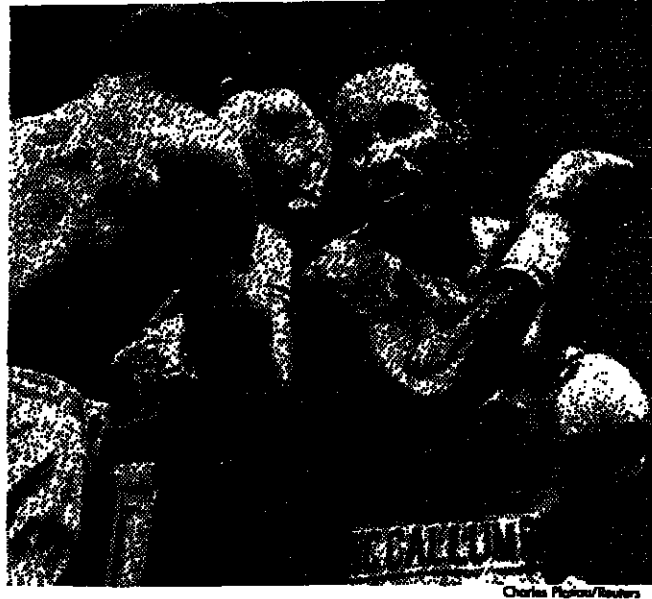
Canada Wins Its First Eisenhower Cup

CARACAS (AFP) — Canada overtook the United States on Saturday to win the Eisenhower Cup, the world amateur team golf championship, for the first time. The margin of victory was three strokes.

Americans have won the cup on 11 of the 15 occasions it has been disputed, and they began the final day with a three-shot lead. But Brent Franklin's two-under-par 68, Mark Brewer's 69 and Warren Sny's 71 gave the Canadians a four-round total of 838 and the victory. Taiwan finished third with 849.

For the Record

Kim Un-yong of South Korea was named president of the General Association of International Sports Federations on Saturday in Monaco.



Mike McCallum, right, during the fight with Said Skouma.

McCallum Stops Skouma To Keep His WBA Crown

PARIS — Mike McCallum knocked out Said Skouma of France in the ninth round to retain the World Boxing Association junior middleweight title Saturday.

McCallum scored his 29th victory without a loss. It was his fourth defense of the title that he won in October 1984.

McCallum, a 29-year-old Jamaican, was in control of the fight and a left-right combination punch put the exhausted challenger down for the count.

The challenger established a clear lead early in the fight, but appeared to tire in the later rounds. But in the tenth round, Parkey took the fight back to McCallum, who landed a series of lightning punches.

Parkey Takes IBF Title
Ricky Parkey of the United States floored his countryman, Lee Roy Murphy, in the tenth round to take away the International Boxing Federation world cruiserweight crown, the AP reported from Marsala, Italy.

The challenger established a clear lead early in the fight, but appeared to tire in the later rounds. But in the tenth round, Parkey took the fight back to McCallum, who landed a series of lightning punches.

Acquisition of Sikma Plugs Hole for Bucks

By Roberto Dias
United Press International
CLEVELAND — So much for the term "offseason."

Officials of the six teams in the NBA's Central Division spent little time relaxing during the summer. Cleveland obtained the top overall pick in the college draft and joined with Chicago and Indiana in naming a new coach.

Detroit swapped for one of the National Basketball Association's

At forward is Demetrius King, the NBA scoring champ with 30.3 points per game.

Chuck Daly, coach of the Pistons, who went 46-36 last year, had his team's inside game up with the flashy Dantley, tained from Utah for Kelly Pucka and Kent Benson.

At center, Bill Lauber, year averaged 16.6 points, hauled in 1,075 rebounds, the in the league.

Doug Collins, the new coach of the Chicago Bulls, may improve 30-52 showing, and will face Michael Jordan, a guard who is ready to rebound from a first foot that limited him to 18.9 points last season and came to lead the team to the playoffs. Colter came from Portland to point guard.

The Cleveland Cavaliers, last year, have a new name Lenny Wilkens and willing to experienced youth.

Brad Daugherty of North Carolina, the top overall pick in draft, is challenging Mel Thomas and Mark West at center.

The starting forwards probably will be Keith Lee and a very rookie, John (Hot Rod) Williams. John Bagley will start at guard but the shooting spot for forwards as World B. Free remains unsigned.

Jack Ramsay, new coach of Indiana Pacers, must deal with mediocre team that went 26-56. Steve Nispanovich, backs the hole for center but is looking for help from Greg Drilling, a forward from the University of Kansas.

NBA PREVIEW Central Division

perennial scoring threats in Adrian Dantley while Atlanta obtained the shooting guard it sought in the person of Mike McGee.

But all this may not be enough to deny the Milwaukee Bucks yet another first-place finish. The Bucks sent Alton Lister, a center-forward, to Seattle for Jack Sikma, a center. The coach, Don Nelson, now has the fluid combination of shooting and defensive rebounding that he lacked last year from the pivot.

Milwaukee, 57-25 last year, will start Sikma in the pivot, though he can play forward.

At forward, the Bucks have the one-two combination of Terry Cummings and Paul Pressey.

Sidney Moncrief is the shooting forward with Ricky Pierce and Craig Hodges sharing point guard.

Mike Fratello, coach of the Atlanta Hawks, took his team from 34-48 in 1984-85 to 50-32 last year.

McGee, acquired from the Los Angeles Lakers, will team with a sharp shooter (Spud) Webb, Randy Wittman and Glenn (Doc) Rivers.

BOOKS

LORENZO DA PONTE: The Life and Times of Mozart's Librettist

By Sheila Hodges. Illustrated. 274 pages. \$22.50. Universe Books, 381 Park Avenue South, New York, N.Y. 10022.

Reviewed by Henry Pleasants

I WAS born in the Philadelphia Main Line suburb of Wayne, not 100 yards from the Conestoga Road, once the principal thoroughfare leading from Philadelphia to the west. I do not remember when I was first told that this was the road along which Lorenzo Da Ponte used to pass bringing produce from Sunbury, Pennsylvania, to Philadelphia to be traded for merchandise in the big city. But I do remember finding it hard to believe.

I drive along a stretch of the Conestoga Road every year now during my visits to Philadelphia and vicinity, and never without reflecting upon the sheer improbability of the fact: that the inspired librettist of Mozart's "Le Nozze di Figaro," "Don Giovanni" and "Così fan tutte" should have lived for seven years (1781-18) as a tradesman in what was then the smallest community in the Susquehanna Valley, about 40 miles north of Harrisburg, and passed, 72 times by his own account, within a stone's throw of the spot where I was born.

Residence in Sunbury was far from being all that was extraordinary in the life of Lorenzo Da Ponte, as everyone knows who has had the pleasure and excitement of reading his memoirs, written in New York when he was an old man, originally published in Italian between 1823 and 1830. From them we know that Da Ponte was born in 1749 in Ceneda (now Vittoria Veneto), had a good classical education, entered the priesthood, was active as a teacher of language, sowed his wild oats in sinful Venice, was banished, and fled to Gorizia and Trieste, then to Vienna. There he enjoyed a fruitful decade as poet to the Italian Theater, collaborating not only with Mozart, but also with Antonio Salieri, Vicente Martin y Soler, Peter von Winter and many other composers then fashionable.

In Vienna, eventually, the indiscretions of his pen, and some amorous indiscretions, too,

got him into trouble with the authorities he had to flee, this time by a circuitous route to London. There he remained for a century decade as poet to the King's Theatre dabbled in publishing and printing enterprises that led to bankruptcy and departure for America.

The remainder of his long life — he died in 1838 at age 89 — was spent, aside from seven years in Sunbury, in New York, less active as teacher and bookseller, dedicated to introducing the glories of Italian literature to the New World. A high point in this collaboration with Mameo Garcia in the Amoskegan, the custom publication of "Don Giovanni" in New York in 1826.

He was led to London, New York and Sunbury by the presence there of relatives of Nancy Grall, whom he had met in Trieste in 1782 and with whom he lived until her death in 1823. As a Catholic priest he could not marry.

The memoirs do not, however, tell us most notably that he was born Emanuele D'Agostino in the Jewish ghetto of Ceneda, son of a tanner and dealer in leather goods who, with his three sons, was admitted to the Roman Catholic Church by Monsignor Lorenzo Da Ponte, presiding bishop of the region, in 1781. As was the custom of the time, the bishop gave his name to the neophytes, and his Christian name, Lorenzo, went to the future poet.

This and much more we learn from Sheila Hodges' exhaustively researched and lucidly written biography, yet she is more respectful than earlier biographers and commentators have been toward the memoirs, and is especially at pains to dissociate herself from the laudatory pairing of Da Ponte's memoirs with those of his contemporary, compatriot and sometime friend Casanova. Da Ponte, she demonstrates, was not a libertine.

He has suffered much, she writes in her introduction, "from posterity's view of him as a disreputable libertine with a string of abandoned lady-loves in every town. In fact, apart from a short and extremely colorful period in Venice when he was still a young man, and again at the end of his Vienna period, his life was that of an adventurer, if the world's taken to mean one who seeks adventure."

"By temperament and gifts a teacher and great love for poetry led him, as he says, 'to a sudden to the dramatic field,' through certain facets of his character — glibness, vanity, the desire to be linked, a genuine wish to do everyone he met a good turn and (not least) his propensity to fall in love — for almost the whole of his eighty-nine years he was at the mercy of fate rather than in control of it, often tossed helplessly from adversity to adversity."

Da Ponte's life makes a wonderful story, and the best way to enjoy and appreciate it is to read the memoirs side by side with Sheila Hodges' biographical corrective and commentary. There is one gap, however — and a disappointment for those who treasure the three operas Da Ponte wrote with Mozart, that even she cannot fill. Both Mozart and Da Ponte, she writes, were "tantalizingly silent" about how they worked together.

Henry Pleasants is a London-based writer who specializes in music and opera.

Solution to Friday's Puzzle

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| B | A | F | F | I | N | A | L | B | A | R | A | E |
| O | L | E | A | T | E | H | A | R | D | S | E | L |
| R | A | T | I | O | S | S | M | A | S | H | U | P |
| N | E | E | R | T | R | I | A | D | O | S | S | A |
| | | | | | | | | | | | | |
| I | N | D | O | O | R | S | W | H | A | T | S | S |
| T | O | R | M | E | P | A | R | A | M | O | U | |
| A | M | O | I | S | I | N | E | W | F | R | A | T |
| L | A | N | D | W | I | R | E | S | T | A | R | E |
| O | N | E | D | I | M | E | T | I | G | H | T | E |
| A | S | T | I | L | A | U | D | S | M | A | I | D |
| B | L | E | N | D | E | R | S | E | L | A | I | N |
| L | O | N | G | T | O | N | S | C | O | R | D | O |
| Y | E | T | S | N | E | E | T | O | K | E | N | S |

BRIDGE

By Alan Truscott

ON the diagrammed deal, North-South were using "inverted minor raises," a method that has become steadily more popular. South's two-diamond bid was therefore strong, although not completely forcing as it would have been if he had not limited his hand by an original pass.

Since a minor-suit raise in principle denies possession of a major suit, the opener can safely bid a minor to show strength rather than length. This duly carried the partnership to three no-trump, and West led the club nine.

West had no way to know that a spade lead would have been better, but he suspected as much when his partner dropped the deuce under dummy's king.

From South's angle there was only one risk, that his opponents would break through in spades before he could take enough tricks. He was safe if the diamonds were evenly divided, so he assumed that they were not.

Developing diamonds at once would have given East a chance to signal, so South tried to steal a heart trick before the defense could get its act together. He led to the diamond ace and played a low heart.

But the defenders were on their toes. West saw that the only hope for the defense lay in the spade suit. Instead of playing low in the hope that his partner held the heart queen, he stepped up with his ace.

He was shifted to the spade king.

Both defenders knew of course, that South did not have four spades since he would have bid them at his first turn. So when spades were continued, the East player allowed the jack to win in dummy and so preserved the communication for the defense.

South's contract was doomed. He had eight tricks but could not make use of the diamonds without permitting the defense to take at least five.

NORTH
♠ J 5
♥ K J 9
♦ K 9 8
♣ A K 4

WEST
♠ Q 8 3
♥ A 10 7 5
♦ Q J 5
♣ 9 7 5

EAST
♠ A 10 7 5
♥ K 8 3
♦ A 10 7 5
♣ Q 8 3

SOUTH
♠ Q 8 3
♥ A 10 7 5
♦ A 10 7 5
♣ Q 8 3

Both sides were vulnerable. Deal by Alan Truscott.

East Pass South Pass West Pass
Pass 2♣ Pass Pass 2♦
Pass 2♥ Pass Pass 2♠
Pass 2NT Pass Pass

West led the club nine.

DENNIS THE MENACE



LOOK! CHRISTMAS DECORATIONS! THAT MEANS IT'S ALMOST HALLUCINEN!

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

HOPOW
RABOX
JINTEC
MERMAH

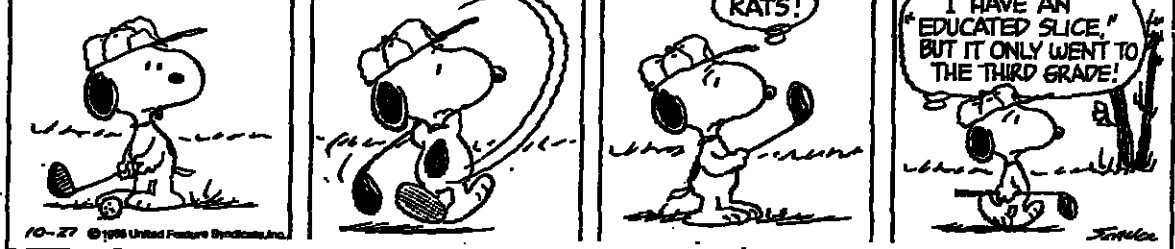
Answer here: A "O O O O O" (answers tomorrow)

Friday's Jumble: EIGHT SNORT BOUGHT EXOTIC
Answer: When his tongue is loose, it's often because he is "TIGHT"

WEATHER

| EUROPE | HIGH | LOW | ASIA | HIGH | LOW |
|--------------|------|-----|--------------|------|-----|
| Algeria | 62 | 48 | Beijing | 62 | 48 |
| Amsterdam | 52 | 38 | Bombay | 82 | 68 |
| Antwerp | 52 | 38 | Buenos Aires | 72 | 58 |
| Athens | 62 | 48 | Calcutta | 82 | 68 |
| Bangkok | 82 | 68 | Chengde | 62 | 48 |
| Barcelona | 52 | 38 | Chongqing | 62 | 48 |
| Berlin | 52 | 38 | Guangzhou | 82 | 68 |
| Birmingham | 52 | 38 | Hankow | 62 | 48 |
| Bombay | 82 | 68 | Harbin | 62 | 48 |
| Boston | 42 | 28 | Heilongjiang | 62 | 48 |
| Buenos Aires | 72 | 58 | Hong Kong | 82 | 68 |
| Calcutta | 82 | 68 | London | 52 | 38 |
| Chengde | 62 | 48 | Manila | 82 | 68 |
| Chongqing | 62 | 48 | Osaka | 62 | 48 |
| Guangzhou | 82 | 68 | Paris | 52 | 38 |
| Hankow | 62 | 48 | Shanghai | 62 | 48 |
| Harbin | 62 | 48 | Singapore | 82 | 68 |
| Heilongjiang | 62 | 48 | Taipei | 82 | 68 |
| Hong Kong | 82 | 68 | Tokyo | 62 | 48 |
| London | 52 | 38 | | | |
| Manila | 82 | 68 | | | |
| Osaka | 62 | 48 | | | |
| Paris | 52 | 38 | | | |
| Shanghai | 62 | 48 | | | |
| Singapore | 82 | 68 | | | |
| Taipei | 82 | 68 | | | |
| Tokyo | 62 | 48 | | | |

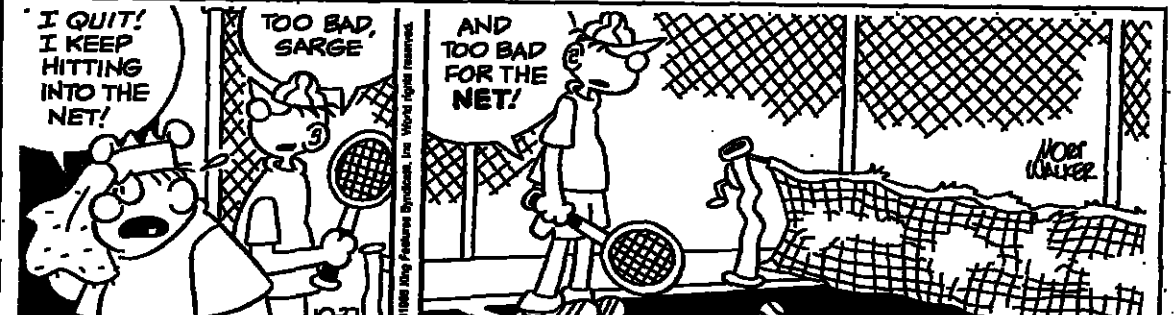
PEANUTS



BLONDIE



BEETLE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



SPORTS

Boston's Late Collapse Forces a 7th Game

By Mike Barnes and Fred McMane

NEW YORK — Bob Stanley stood on the mound, ready to throw the one pitch that would give the Boston Red Sox their first World Series championship since 1918.

But the reliever's 2-2, two-out pitch ball to Mookie Wilson was wild, and it rolled to the backstop. Kevin Mitchell ran home with the tying run, and first baseman Bill Buckner's error on the next play gave the Mets a wild 5-5 victory in 10 innings.

The bizarre turn of events forced a decisive Game 7, scheduled for Sunday night at Shea Stadium. Ron Darling, the winner of Game 4, was to pitch for New York and Dennis (Oil Can) Boyd, loser of Game 3, for Boston.

"It just got away from me," Stanley said amid a crowd of reporters in the quiet Boston clubhouse. "I was going outside. I just wanted to come inside once."

The Mets entered the bottom of the 10th inning, 5-3, after Boston scored twice in the top half, and the Red Sox clubhouse boys began talking out the champagne. After two batters were out on fly balls, Gary Carter, pinch-hitter Mitchell and Ray Knight all singled off Calvin Schiraldi to make it 5-4.

"We had this game; I just couldn't do it," said Schiraldi, his head reeling against the wire mesh of his locker. "I couldn't close it." Stanley entered, and his first pitch to Wilson was fouled off. His next two pitches were balls, and Wilson fouled off another to make the count 2-2.

After two more fouls, Stanley threw his wild one, the ball low and inside. It bounded past catcher Rich Gedman and rolled away as Mitchell scored easily.

"I did freeze for a minute," said Mitchell. "I didn't see it for a second. Mookie was backing away and the catcher turned so I didn't see the ball."

Wilson's slow roller then found its way through the aching legs of Buckner, who has been playing hurt, and Knight scored the winning run.

The Red Sox had emerged winners from a similar situation in the American League playoff. Boston was one strike away from being eliminated by the California Angels in Game 5 of the playoff series, but Dave Henderson homered to put the Red Sox ahead, and they went on to win the game and eventually the series.

"We got a bit of our own medicine tonight," said Dwight Evans, the Boston outfielder.

"It's unbelievable," Wilson of the Mets said of the final play. "We don't give up. We battle back. I did the best I could trying to help. I thought I had a chance to help it and maybe he did, too, and tried to hurry it."

The Mets, who are looking for their first World Series championship since 1903, had their work cut out for them after Henderson hit another clutch home run leading off the Red Sox 10th.

With two out, Boston added another run when Wade Boggs doubled and Marty Barrett produced the winning RBI single of the game. The Red Sox had a 5-3 lead, and it looked as though they had finally attained the championship that had eluded them since Woodrow Wilson was president.

But the Mets came back. It began when Gary Carter singled to left and pinch-hitter Kevin Mitchell lined a single to center off Schiraldi, the reliever.

Knight, who had made a critical error in the seventh inning, fol-

lowed with a broken-bat single to score Carter, and Stanley was brought in to pitch to Wilson. With a count of 2-2 on Wilson, Stanley uncorked his untimely wild pitch.

Knight took second on the play. Wilson then hit a roller toward first that skidded through the legs of Buckner and into right field as Knight raced home with the winning run.

"Normally we pinch-run for Buckner but he has very good hands," the Red Sox manager, John McNamara, said afterward. "As close as we came to winning that game, we didn't do it. I guess I can associate it with what happened in California," when Henderson's homer saved the Sox.

Rick Aguilera, who gave up the two runs in the top of the 10th, was credited with the victory for the Mets. Schiraldi, who took over for stars Roger Clemens in the eighth, was charged with the loss.

"This is an emotional thing," Knight said after scoring the winning run. "After that error I never felt worse in my life. I'm just exasperated. I thought we were going to win it."

In the first inning, there was an incident that may have been an omen of the odd finish. A paratist carrying a "Go Mets" banner landed near home plate with Buckner batting. Two security guards scooped the intruder from the field.

After the interruption, the Red Sox gave Clemens a 1-0 lead on Evans's double, which scored Boggs. The Red Sox added a run in the second on singles by Spike Owen, Boggs and Barrett.

The Mets got their first hit in the fifth and scored twice to tie the game. Daryl Strawberry walked and stole second, and Knight singled to score Strawberry.

Wilson also singled and when

Evans bobbled the ball in right field, Knight moved to third. Knight scored when Danny Heep, pinch-hitting for Rafael Santana, grounded into a double play.

The Red Sox took advantage of the throwing error by Knight to take a 3-2 lead in the seventh. Barrett walked and moved to second as Buckner bounced out on a hit-and-run play. Rice then hit an easy grounder to Knight but the third baseman made a high throw that eluded Keith Hernandez, the first baseman. There were now runners at first and third.

McNamara put on the hit-and-

run again and it worked again. Evans grounded to second and Rice beat Wally Backman's throw to the base. The relay nailed Evans at first, but Barrett scored on the play. Gedman then singled to left but Rice was nailed at the plate by Wilson.

After the Red Sox left the bases loaded in the top of the eighth and removed Clemens for a pinch-hitter, the Mets tied it 3-3 in the bottom of the inning. Carter's sacrifice fly brought home Lee Mazzilli, who had pinch-hit a single and advanced on Len Dykstra's bunt and Backman's sacrifice.



Stanley's inside pitch to Mookie Wilson eludes Rich Gedman, the Boston catcher, as the tying run to score and setting up the winning run in New York's 6-5 victory.

Pittsburgh Surprises Cincinnati

en 26, Bengals 9: In Pittsburgh, Earnest Jack Walter Abernethy ran for more than 100 yards, and Mark Malone returned from a two-play layoff to throw two touchdown passes and Pittsburgh's surprise victory over Cincinnati. Abernethy kicked three field goals as the Steelers in the first time in four home games this season led a four-game losing streak against the Cincinnati had four potential scoring drives short inside the Steelers' 20-yard line, twice when Jim missed short-range field goal attempts.

17-point final period. Toon ignored a persistent rain and scored on passes of 16, 62 and 6 yards.

Dolphins 17, Colts 13: In Indianapolis, Dan Marino passed for 243 yards and a touchdown, and John Offerdahl made a game-saving tackle as the Dolphins' 14-yard line in the closing seconds to preserve Miami's victory over Indianapolis, now 0-8. It was the Dolphins' 13th straight victory over the Colts, the longest current string in the league. The Colts trailed 17-10 at halftime, but pulled within four points midway through the final period on Dean Bissacco's 45-yard field goal, his second of the game.

Browns 23, Vikings 20: In Minneapolis, Matt Blair's third field goal of the game, a 22-yarder with 1:46 to play, powered Cleveland. The Browns rallied from a 17-3 halftime deficit and still trailed 20-10 after three quarters. Curtis Dickey, who rushed for 105 yards, tied the game at 20-20 with a 17-yard touchdown run with 4:23 to play.

Raiders 28, Oilers 17: In Houston, Marc Wilson threw four touchdown passes, three to Todd Christensen, and the Raider defense sacked the Oilers' quarterback, Warren Moon, six times and intercepted four passes en route victory. Los Angeles won its fifth straight game after three straight losses and took advantage of Houston's first-half mistakes.

Eagles 23, Chargers 7: In Philadelphia, the Eagle's defense shut down the explosive San Diego offense, and Paul McFadden kicked three field goals to trigger the Eagles' win. The Chargers gained 279 yards against the improving defense taught by the Eagles coach, Buddy Ryan. San Diego played without its starting quarterback, Dan Fouts, and top runner, Lionel James.

NFL ROUNDOUP

larabell sacked the Detroit quarterback, Eric Ford, a fumble, recovered and returned 12 or the Bears' only touchdown early in the first. Kevin Butler kicked two field goals, including under with 18 seconds remaining in the game.

27, Buccaneers 20: In Kansas City, Missouri, Dickenson scored the go-ahead touchdown on a 32-yard run in the fourth quarter to lift Kansas City's spirit, Kansas City's longest scoring run of the season, answered Tampa Bay's 13-play, 80-yard drive that had pulled the Buccaneers even 20-20. Bill Kenney, making his first start as the quarterback this season, hit two key passes in the drive. Tampa Bay's James Wilder had on a 3-yard run to forge the 20-20 tie.

28, Saints 23: In East Rutherford, New Jersey, on, the NFL's leading receiver, caught three down passes from Ken O'Brien as the Jets won their third game. New York built a 28-6 lead in three quarters and withstood New Orleans'

Ann State Shackles Alabama Rushing Machine for a Lopsided Upset

led by Our Staff From Dispatches CALOOSA, Alabama — State, the fifth-ranked U.S. football team, put up a defensive effort on Saturday. No. 2 Alabama, 23-3, the nation's most lopsided defeat of a decade.

Nittany Lions shackled the top rushing attack in the Southeastern Conference and improved their record to 7-0. Penn State's defense, headed by an outside linebacker, Shane Conlan, snapped Alabama's 13-game unbeaten streak and dropped the Crimson Tide to 7-1. In Boulder, Colorado, a halfback, O.C. Oliver, fired a 52-yard touchdown pass to Lance Carl and Jeff Campbell scored on a 39-yard run to give Colorado its first victory over Nebraska since 1967. Colorado entered a Nebraska offense that stalled the game ranked second in the nation in rushing with 335 yards per game. Colorado held Nebraska to 123 rushing yards.

Michigan 38, Indiana 14: In Bloomington, Indiana, Jim Harbaugh threw for 300 yards and one touchdown, ran for a touchdown and set up another with a lateral to power No. 4 Michigan. Harbaugh, the Big Ten total offense leader, completed 16 of 24 passes.

Arkansas 35, Mississippi State 6: In Starkville, Mississippi, Brent Fullwood rushed for 175 yards and three touchdowns and Reggie Ware rambled for two more scores to propel No. 7 Auburn over No. 14 Mississippi State.

Washington 38, Oregon 3: In Seattle, Chris Chandler ran for two touchdowns and threw for another to enable Don James to move into the tie with Jim Owens as the most successful coach at Washington, ranked No. 8 this year. James is 99-27 midway through his 12th season in Seattle. Owens, who coached from 1957 to 1974, was 99-82-6.

Northern Arizona 24, Idaho 0: In Moscow, Idaho, Goran Lingmerth set an NCAA record by kicking eight field goals for Northern Arizona. The previous record of seven was held by Dale Klein of Nebraska and Mike Prindle of Western Michigan.

COREBOARD

Baseball World Series, Game 6. Table with columns for Boston and New York, and rows for runs, hits, errors, and pitchers.

Auto Racing. Table listing drivers and their positions in various races like the Australian Grand Prix and the 1000 Miles race.

NHL Standings. Table showing the performance of various NHL teams in the Pacific, Atlantic, and Campbell Divisions.

Selected U.S. College Results. Table listing the outcomes of various college football games across different regions.

America's Cup. Table showing the results of the America's Cup sailing races, including the Defender and Challenger series.

CFL Standings. Table showing the performance of various Canadian Football League teams in the Eastern and Western Divisions.

European Soccer. Table listing the results of various European soccer matches, including the English First Division, Italian First Division, and Spanish First Division.

Tennis. Table listing the results of various tennis tournaments, including the Men's and Women's tournaments.

Baseball. Table showing the performance of various baseball teams in the American League and National League.

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Mansell's Blowout Helps Prost to Title

ADELAIDE, Australia — Alain Prost of France retained his Formula One world drivers championship Sunday by winning the Australian Grand Prix in a pulsating climax to the season.

Prost, 31, brought his Porsche-powered McLaren home four seconds ahead of Nelson Piquet to the lead and Prost finally forced past Mansell and into second place. And then Mansell's tire exploded, sending the hapless Briton into the run-off area. He could only sit and watch as Prost and Piquet wrestled for the title that for so long had appeared to be his.

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Nigel Mansell with head in hands after a blowout deprived him of the Formula One crown.

Transition. Table listing the results of various soccer matches, including the English First Division, Italian First Division, and Spanish First Division.

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